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**U.S. MINT'S COMMEMORATIVE COIN  
PROGRAM**

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U.S. Mint's Commemorative Coin Prog...

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON  
DOMESTIC AND INTERNATIONAL MONETARY POLICY  
OF THE  
COMMITTEE ON BANKING AND  
FINANCIAL SERVICES  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTH CONGRESS  
FIRST SESSION

JULY 12, 1995

Printed for the use of the Committee on Banking and Financial Services

**Serial No. 104-25**



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# U.S. MINT'S COMMEMORATIVE COIN PROGRAM

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WEDNESDAY, JULY 12, 1995

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON DOMESTIC AND  
INTERNATIONAL MONETARY POLICY,  
COMMITTEE ON BANKING AND FINANCIAL SERVICES,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:04 a.m., in room 2128, Rayburn House Office Building, Hon. Michael N. Castle [chairman of the subcommittee] presiding.

Present: Chairman Castle, Representatives Lucas, LoBiondo, Watts, Kelly, Flake, Maloney, Roybal-Allard, and Barrett.

Also present: Representative Hayes.

Chairman CASTLE. If the subcommittee could please come to order.

I realize the attendance is not quite 100 percent at this point for the Members of the subcommittee, but you, all of you, have been here before at one time or another and I think you understand how this place works. People will come and go as the hearing goes on, and what you state is extremely important for the record regardless of whether Members are here directly or not.

You are also aware that we are in session. In fact, the bells have already gone off. If a vote is called, I will probably wind it down to about 10 minutes left in the vote, then take a break for 15 minutes to vote and get back. You always hope that there won't be a lot of votes when you are running these hearings, but one never knows what is going to happen.

I have an opening statement which I would like to read, but I was talking to Mr. Diehl, who has done a superb job I think at the Mint, and I indicated that I don't know what the right solution is, and he said he didn't know either, but there might be several, and that is probably correct. I think we agree that one of them is probably not to continue the Commemorative Coin program as it is, and so perhaps some changes are needed.

But let me just start with my opening statement and then I am going to turn to you in order and I will introduce each of you.

Since the United States Mint resumed its Commemorative Coin program in 1982 after a 28-year hiatus, interest groups supported by Congress have progressively expanded that program both in numbers of coins and mintage levels beyond the ability of collectors to absorb these issues. Organizations have learned how they can put a government agency and government factories to work for their cause with no risk or involvement.

The generous surcharges awarded to the beneficiary organizations have led more and more to use this route to painless funding of their cause. All of these coins in rapid succession and especially in ever-greater mintages with little or no intrinsic numismatic interest have combined to glut the market.

The failure of recent issues to cover their costs to the Treasury threaten to leave the taxpayer holding the bag. In the case of the World Cup Soccer Commemorative Coin, that bag has a price tag for the taxpayer in the millions of dollars, while World Cup USA paid its executives \$7.7 million in deferred salary and bonuses.

As a result of such problems, the Commemorative Coin program of the U.S. Mint has reached a perilous state. The situation has historical precedent.

In the past when Congress has been unable to restrain its impulse to commemorate personages and events of interest to constituents, the market for these products has become saturated and production has ceased. Recently there has been a precipitous fall-off in collector support as numbers of programs have mounted and mintage levels have soared.

Historically, 90 percent of the commemorative market has been composed of numismatic collectors. It is to this rather narrow group of hobbyists that one organization after another, abetted by their congressional sponsors, has turned for funding of their respective projects.

These coins are purchased not by individuals who freely elect to pay the substantial surcharges in support of the various causes who will benefit, but by hobbyists, and in some cases, investors, who have been courted by their government and induced to pursue collections of commemorative coins.

These collections have been undermined and cheapened by the proliferation of issues that have produced the beginnings of a movement to boycott future issues. This is understandable since an Elvis collector plate ordered out of the Sunday comic section is likely to retain its investment value about as well as a recent proof set of commemoratives from the U.S. Mint.

More programs were enacted by Congress last year than had been enacted over the previous 6 years combined. Since 1986, Mint annual commemorative coin sales have fallen by 80 percent. For the period 1995 to 1998, Congress has already enacted six programs for a total of 23.55 million coins.

One program alone, the Atlanta Olympic games commemoratives, calls for the production of 17.95 million coins. Already in the 104th Congress, nine additional House bills have been introduced that would mandate the minting of an additional 7.35 million coins during the 1995 to 2001 period for 13 new programs. Most of these coins, 6.55 million, would be minted between 1995 and 1997.

In 1994, sponsoring organizations received more than \$23.3 million in surcharges while the Mint experienced a net loss of about \$3.5 million. The revenue generated through commemoratives in 1994 did not cover all the Mint's overhead expenses, largely due to the poor selling performance of the World Cup Soccer coins.

Only 1.5 of the 10.75 million coins authorized by Congress were ever sold. Still, sponsoring organizations can receive the entire sur-



charge on every coin sold, even though the Mint loses millions of dollars.

The commemorative programs mandated by Congress have become raids on the purses of those collectors who purchase the coins. They thereby support the various nonprofit beneficiary organizations even though they are denied tax deductions that a direct donation would earn.

No one can claim that the causes benefited to date by coin programs are the most worthy or the most needy; they simply have had the most influence. It is unseemly to have government factories and personnel put to work for the exclusive benefit of a narrow group of politically endorsed private interests.

To make matters worse, these groups share none of the risk, undertake none of the marketing and distribution costs and receive their surcharges from the first coin sold. Nevertheless, every coin bill states that manufacture and sale of a commemorative coin, quote, "shall not result in any net cost to the Federal Government," end of quote.

Public Law 102-390 established the Citizens Commemorative Coin Advisory Committee, CCCAC, to designate the topics the subcommittee recommends be commemorated during the 5-year period succeeding the year in which such designation is made. In its first report in 1994, the CCCAC indicated its support of a 1993 Sense of Congress Resolution requesting the Senate and House Banking Committees not to report or otherwise clear for consideration by the House or Senate, legislation providing for more than two commemorative coin programs for any year.

Notwithstanding this endorsement, the committee recommends acceptance of an average of four or more programs for each of the next several years. This could be a recipe for disaster. It also would reflect badly upon the responsibilities of Congress.

We are here today to review the entire commemorative program. It may be that radical measures must be taken to preserve the taxpayer from risk in a program that is heading out of control.

If that is determined to be the case, this Congress will need to take the action necessary to rectify this situation. Above all, we were elected to preserve the taxpayers' interest.

We have a number of you who will testify and we do expect Members to come in, but I think we have to proceed as best we possibly can. I will ask each of you to try to limit your comments to 5 minutes.

I may make an exception with Mr. Diehl, who obviously has substantial responsibilities, which means you all will probably start looking at your notes to be sure you can do this in 5 minutes. We will give you a slight bit of latitude but in order to finish the work at hand, we need to make sure that we keep it within some time-frame.

I have short introductory statements and I have learned that perhaps it is helpful to read these so that people here in the audience and even staff members can know exactly who you are. This is the all-star game of coin numismatic interest and individuals in America today. That may not be known by a lot of the public, but I was duly impressed by the resumes of each and every one of you,

and I think you all have a tremendous amount to offer and we look forward to your testimony today.

And we will just do it in the order across the table here. We will start with Beth Deisher, who is editor of *Coin World*, the world's largest weekly publication in the field of collectible coins, bullion coins, medals, tokens, paper money and any objects once used as money. She joined *Coin World* as news editor in 1981 and became executive editor in 1984. In 1985, Ms. Deisher was named editor.

Ms. Deisher was also editor of the 4th and 5th editions of the "Coin World Almanac," the most authoritative one-volume reference available about U.S. coinage and has supervised updates of "Coin Collecting Made Easy," "Basic Knowledge for the Coin Collector and Investor," the 1988 publication of "Collector's Log of U.S. Coins," a record-keeper and checklist for organizing one's collection by denomination and type, and "Collecting Money," a guide book for beginning collectors. She served as copy editor for the first edition in 1989 and subsequent yearly editions of "Coin World Guide to U.S. Coin Prices and Value Trends."

Let me say, we have copies of course of your testimony. I have had the opportunity to read them. Hopefully, other Members will as well, and several of you may want to read from excerpts of that, but you can assume that we have it here to reference or we have read it.

And with that, Ms. Deisher, if you would please start us off.

#### STATEMENT OF BETH DEISHER, EDITOR, *COIN WORLD*

Ms. DEISHER. Thank you, Mr. Chairman. I would like to thank you and the subcommittee for inviting me to testify today.

The concerns I raise before you are those of the vast majority of U.S. collectors interested in the modern U.S. Commemorative Coin program. It is important to understand that our primary readers are the U.S. Mint's core customers, the same customers who have purchased approximately 90 percent of all the commemoratives sold by the U.S. Mint since the striking of commemoratives resumed in 1982, thus our customers are the primary buyers of the products, the coins that you, Congress, authorize and order the U.S. Mint to manufacture and market.

So what are our/your customers telling us? They are telling us that there are too many commemorative coin programs, there are too many commemorative coins being produced. The surcharges are an unfair form of taxation and serve only as an incentive for the special interest, nonprofit groups to tap tax free funds they would unlikely be able to obtain through the appropriations budget process.

Also, they are telling us that the increasing proliferation of commemoratives and the increasing expense of collecting U.S. commemoratives, is frustrating to the point that many are simply saying: "That is it, I quit."

The first step in addressing the frustrations of our/your customers is to understand why he or she is your customer. A coin collector is a hobbyist. He or she will often select a particular series or type of coins to collect. The historical importance of the coins, their designs, their affordability, and their availability are prime

considerations in deciding to begin a collection and what will be included in that collection.

Coin collectors are goal oriented. Once they select a series and begin collecting, the overriding goal is to collect a complete set. When and if the prices and numbers of coins to keep that set complete approach the upper limits of the money that they have reserved for this portion of their hobby, they face the prospect of trimming back to a subset of the complete set, and if they cannot do this, they will simply stop collecting and abandon their goal of a complete set.

Currently, the faithful collector who has purchased one of every modern commemorative coin issued since 1982 would have 127 coins in his or her collection. If he purchased from the Mint at the most advantageous price possible at the time of issue, our collector has paid the U.S. Mint \$9,715 for the privilege of owning a complete set and continuing his hobby.

I call your attention to a chart that is in my prepared testimony that shows each of the individual programs and the number required. As the decade of the 1990's approached, it was evident that the nonprofit, special interest groups had discovered commemorative coins, the new cash cow. Consequently, a virtual avalanche of commemorative proposals has descended upon Congress.

I would like to emphasize just the most recent programs—our collector was forced to spend \$547 to buy 10 coins in 1991, \$941 to buy 14 coins in 1992, \$880 to buy 12 coins in 1993, \$715 to buy 16 coins in 1994, and this year, our collector will have to shell out \$2,776 for 40 coins. Is it any wonder that our/your collector customer is bewildered and disillusioned?

Unless Congress quickly and decisively controls the number of commemorative coins being struck and offered for sale, there is very strong evidence that the collector base for U.S. commemorative coins will soon evaporate.

In the prepared testimony, there are a number of charts that we invite you to look at. The most compelling chart is the one that looks at the commemorative coin collector base. We determined that by dividing the number of coins sold in a given year by the number of coins constituting a complete set available that year. The trend is unmistakable. Collectors are leaving the modern U.S. commemorative market in droves. The collector base has dropped dramatically from 3.5 million in 1982 to barely 200,000 in 1994.

If you look at the most successful years, those with the highest collector base, you will find common success factors. The subjects being commemorated were national in scope, the designs were innovative and aesthetically pleasing, the coins were affordable for most collectors, and the number of coins constituting a complete set was reasonable.

The problems are rooted in the legislative process, and as we have already mentioned, the ability for nonprofit groups to tap this revenue stream. One important thing that we would like to emphasize is that surcharges have no relationship to the value of the coin. They are determined solely on the basis of how much money the beneficiary organizations think they can wring out of the coin buyer.

For example, the surcharges on silver dollars started out at \$7 per coin, then escalated to \$10. The 1995 Capitol Bicentennial Commemorative carried a hefty \$15 surcharge, three times the value of the silver content of the coin. The reason this is important, if there is no demand in the marketplace, the ultimate value of that coin is the value of the silver.

It is quite evident that the surcharges are the tail that wags the commemorative dog and have been the single most important factor driving the proliferation of commemorative coins.

Congress has shown little ability to just say no. Every nonprofit organization presents its worthy cause and insists it has a divine right to collect surcharges.

We have a couple of solutions that we would like to offer, and in looking for solutions, we looked to history. Even though there were some abuses in the programs that produced 154 coins between 1892 and 1954, they do offer us some insight and suggest a possible remedy to our current predicament.

There were no surcharges then. In all of these programs, Congress authorized the U.S. Mint to strike coins and set the limit—mintage limitations. The U.S. Mint manufactured the coins and sold them at face value to the beneficiary organization and then the beneficiary organization was responsible for marketing. This leads us to propose that Congress seriously consider redirecting what we call the commemorative welfare program to a workfare program.

Chairman CASTLE. Ms. Deisher, may I interrupt you? We do want to try to keep this on schedule. If you could start to come to a conclusion.

Ms. DEISHER. Just a couple of more statements.

The workfare would include asking these organizations to purchase at bulk discount and then they would be allowed to keep the profits on those that they sell, and those sold by the U.S. Mint would then go to the government stream of revenue.

In tandem with eliminating the surcharge, Congress must summon the courage to legislatively limit the number of programs. We would recommend a maximum of three programs or subjects to be included or commemorated in any given year with the maximum number of coins being produced at six. We would further urge consideration of instituting a circulating commemoration program. That way, all the people in our country would understand and know what we are honoring.

We hope that the solutions and ideas offered in our written testimony will give you some ideas of how to approach this problem. You have already established an advisory committee to recommend appropriate topics and suggest mintage levels. We ask you to seek and heed the committee's advice; most of all, to listen to and respect your customers. They cherish the expression of our Nation's history and achievement through medallion art. Treat them fairly and they will reward you and the U.S. Mint and the marketplace.

Thank you.

Chairman CASTLE. Thank you very much, Ms. Deisher.

[The prepared statement of Ms. Beth Deisher can be found on page 53 in the appendix.]

Chairman CASTLE. Mr. Stahl, before we go to you, since we started on time, I wanted to give the Members who joined us an opportunity to make an opening statement if they wish.

Mr. Flake, of course, is the ranking Member, a wonderful person to work with, I might add, and I know he wants to make an opening statement. Ms. Roybal-Allard may want to and Mr. Lucas may want to.

Let me turn to Congressman Flake.

Mr. FLAKE. Thank you very much, Mr. Chairman, and thank you for recognizing me at this time.

I have to go to the Justice Department and hope that those who are on the panel will excuse me, understanding that—to get Ms. Reno to meet with us this morning, to get on her schedule is extremely difficult.

Mr. Chairman, as we begin to address the question of what the national policy should be concerning the production and sale of commemorative coins, I feel the subcommittee would do well to study very closely the current national policy or lack thereof which has resulted in politicizing our decisionmaking process and has produced a glut of over 17 million coins for one event.

Furthermore, coin collectors are so dissatisfied with our commemorative process that they are boycotting some of the most recent coins. Some have suggested that the boycott is responsible for lagging sales of World Cup coins.

I must also remind the subcommittee that this process has an additional failure to produce any coins to honor or commemorate the achievements and contributions of African-Americans for the last 50 years. I am fully aware of the public consensus that there is a saturated market of commemoratives, but I believe that the Nation should not be deprived of the opportunity to mark and to celebrate the exceptional events and people by the traditional means of appropriate coins merely because of past action and legislation that controlled the coin production.

Whatever policy we adopt as a result of these deliberations, we must make certain that the policy is sufficiently flexible and inclusive to permit national recognition of people and events that are of significant and lasting historical importance and that we not cut off production of appropriate coins for that purpose.

To this end, I wish to call to the subcommittee's attention coin legislation for Martin Luther King and Thurgood Marshall, and H.R. 1776, which would authorize the minting and sale of 500,000 silver dollars to help finance the construction of a memorial on the mall honoring the more than 5,000 men and women who fought, died and otherwise served in the American Revolution. This fact of American history has long been neglected in the pages of our history books.

Now, we as a subcommittee have the golden opportunity to make the only memorial to African-American patriotism ever to be proposed a reality for all Americans, indeed for all of the world to recognize.

The 1995 Black Revolutionary War Patriots Commemorative Coin Act clearly demonstrates the need for providing exceptions to any restrictive coin policy that we may adopt. Given the poignant history of black Americans fighting and dying to make this Nation

free, we in Congress cannot afford to allow their last chance to be memorialized because of a victim of restrictive coin policies.

Now, Mr. Chairman, I look forward and hope that you can support this particular memorial at the same time that we are making what I consider to be very necessary changes as it relates to our coin policy.

Thank you, and I yield back the balance of my time.

Chairman CASTLE. Thank you very much, Mr. Flake, for your interesting observations.

Mr. Lucas, do you wish to have an opening statement?

Mr. LUCAS. No.

Chairman CASTLE. Thank you. Ms. Roybal-Allard.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

And I would like to thank you for holding this hearing on the Commemorative Coin program, and I welcome the opportunity to listen to the testimonies of our distinguished panel of witnesses. This is a new issue for me.

I am particularly interested in preserving the integrity and the viability of the program, and as Congressman Flake pointed out, it is an extremely important and valuable program, and I believe that if the program is managed properly, that the Commemorative Coin program can flourish and provide coin collectors with the incentive to pursue their hobby and at the same time allow commemorative coins to provide a wonderful source to recognize the subjects of national and historical significance. And I certainly look forward to working with you on this issue to make sure that the integrity of the program is kept in place and that we are able to recognize the important and historical significant issues dealing with our country.

Thank you.

Chairman CASTLE. Thank you.

It is a difficult issue. And Mr. Watts.

Mr. WATTS. Thank you, Mr. Chairman.

Mr. Chairman, it is my hope that this subcommittee acknowledge in these deliberations the consensus of opinion among coin collectors and others interested in coins, that there is a noticeable absence and therefore a very real need for commemoration in honor of people who helped to birth the Nation, people who actually gave the supreme sacrifice during this Nation's defining moment.

The policy to be adopted by our subcommittee should be an intelligent one that recognizes the need for commemoration in order to render honor to those who exceptionally deserve a lasting and historical recognition. The government says that monuments which are to adorn our Nation's landscape must be of preeminent historical and lasting significance to the Nation. I believe that we should keep these criteria in mind when deciding what policy should be implemented in the minting of commemorative coins.

A prime candidate, and Mr. Flake has mentioned this, is the Black Revolutionary War Patriots Commemorative Coin. This coin as proposed by H.R. 1776 would be a very small issue of only about 500,000. This fact renders the coin almost automatically rare as it would be offered to more than 5 million coin collectors alone, to say nothing of the American public in general and the 25 million African-Americans in particular. The U.S. Mint is thus assured of re-

coupling its production costs and a very noble purpose will have been achieved.

As most of us are aware, part of the proceeds from the sale of this coin would be allocated to the construction cost of the Black Revolutionary War Patriots Memorial on the last available spot on the National Mall. Unless construction of this memorial is begun by October 1996, there will be nothing ever in that space that would be—that would appropriately face the Lincoln Memorial, paying tribute to the lasting historical significance of African-Americans, Revolutionary War Patriots. But monumental tributes to military women, to Vietnam veterans, to Native-Americans, to victims of the Holocaust and others will abound.

As Harry Beecher Stowe wrote about the black men and women who served in the Revolutionary War, quote: "It was not for their own land they had fought, nor even for the land which had adopted them, but for a land that had enslaved them and whose laws, even in freedom, more often oppressed than protected. Bravery under such circumstances has a peculiar beauty and merit."

The fact is, men and women of all colors have been involved in every aspect of this country from its founding days. We are full partners in the history, bloodshed and tears that have made this Nation great.

Without the commemorative coin, it is fairly certain that the memorial to black American patriotism will never appear on the National Mall. In my opinion, we in the Congress cannot afford to let that happen.

What we need to examine in determining whether to produce commemorative coins is the actual merit of the individual coin and whether it is of preeminent historical and lasting significance. As we are looking at all government programs and seeking to eliminate the waste, fraud and abuse, while streamlining those that are effective, we too need to take into consideration that there are some coins that are not just pet projects but actually serve a patriotic purpose that can reduce the debt and allow millions of Americans to pursue their hobby.

So with that, I say thank you, Mr. Chairman.

Chairman CASTLE. Thank you very much. Mr. Watts, we appreciate your statement and vantage point.

We will resume now with our witnesses, and we will go next to Dr. Stahl.

Dr. Stahl, the Curator of Medieval Coins and Medals for the American Numismatic Society in New York City. He has served as past President and Board Member of the American Medallic Sculpture Association and as USA Delegate and Member of the Executive Committee of the FIDEM, International Medal Federation. He also has been Councillor of the National Sculpture Society and past President and Historian of the New York Numismatic Club.

He has written numerous books and articles on medieval coinage and has been editor of *The Medal in America* and author of articles on American medals from the colonial period to the present. Dr. Stahl received his Ph.D. in history from the University of Pennsylvania in 1977.

We welcome you, Dr. Stahl.



**STATEMENT OF ALAN STAHL, CURATOR, AMERICAN  
NUMISMATIC SOCIETY**

Mr. STAHL. Thank you, Mr. Chairman.

Mr. Chairman, Members of the subcommittee, the revival of the Commemorative Coin program in 1982 aroused considerable anticipation among coin collectors, artists, and the public in general. Following the successful Bicentennial circulating coinage of 1976, and the less successful Anthony dollar a few years later, the commemorative program held the promise of breathing new life into the Nation's coinage, which for the most part had been ignored for decades.

The events commemorated touched a broad range of shared American identity, from the anniversary of Washington's birth to the first Summer Olympics on our soil in half a century, to the Centennial of the Statue of Liberty. Great attention was paid then to making the new coins visually exciting, achieved through a coordinated effort of the new Chief Engraver, the Fine Arts Commission, and competitions among artists within and outside the Mint. The public response was enthusiastic, with many people buying sets who had never before collected new Mint issues.

Today the public appears to have lost interest in the commemorative coin series. Few members of the general populace are aware of recent issues, and even dedicated collectors of American coinage no longer buy each coin. The program is widely viewed as a way to squeeze money from collectors while dispensing political favors.

The new issues are no longer considered a genuine part of our national coinage, but have become lost in a crowd of competing medals, bullion coins, and private and foreign issues.

The visual quality of the commemorative series has also declined. Many of the recent issues have a confused and cluttered look on the obverse which appears to result from the transfer of drawn or painted images directly onto the coin surface, and a reverse which is a pastiche of coin cliches and graphic logos.

These coins reflect a lack of involvement of trained numismatic artists, the inadequacy of the design oversight allowed to the Fine Arts Commission and the Citizens' Committee on Commemoratives and the long vacancy in the Office of Chief Engraver at the Mint.

In these prepared remarks, I will concentrate on improving the quality of designs of the commemorative coinage as that is the area in which I am most conversant and as I expect my colleagues on the panel will address the issues of the choice of commemorative subjects and marketing of coins. I will, of course, be glad to offer my opinion on these subjects as well.

Good coin design is not merely an aesthetic consideration. Buyers of special issue coins, be they established collectors or members of the general public who have never before bought a coin, respond in large measure to whether they like the way the coin looks. With the proliferation of competing coin-like objects and a well-based skepticism about the investment potential of new numismatic issues, collectors make their purchase choices to an ever-greater extent on the appearance of the pieces.

A well-designed coin is an object with artistic integrity which recognizes the potentialities and limitations of the medium itself. The



aspects of coins which distinguish them from other visual media are obvious, but nonetheless frequently ignored.

Coins are small, monochromatic, round objects whose images result from the play of light on tiny differences of surface relief and texture. They have two sides which are never seen at the same time but which work in a complementary fashion to complete an image.

Now, the scene of a large group of people engaged in an historic act which might be clear and evocative on a large scale can easily become meaningless or clumsy when reduced to the small scale of the coin. Graphic depictions which rely on color or shading for definition can produce a very different effect when rendered solely by shadows on bright metal. Images which do not fit gracefully into a circular format leave gaping spaces on a coin's surface. Among these are standing individuals and large low buildings, too frequently prescribed as the subjects for coin imagery.

Inscriptions are an important aspect of coin design which must also respond to the nature of the medium. A small coin is an inadequate medium for carrying a message more than a few words long. Moreover, the expectation that a commemorative coin carry the distinctive phrases of the circulating coinage further limits the space for the verbiage in the composition. In essence, coins are a pictorial medium.

Improvement in the design of our commemorative coins must begin with program planning which takes into account those aspects which distinguish coins from other media and are likely to result in good design. Those who propose or advocate specific subjects for commemoration on the Nation's coinage cannot be allowed to dictate the design of the coins if they do not understand and respect the basic elements of coin art.

The drafters of enabling legislation need not be experts in coin design themselves, but they should be careful to set up a situation in which good coin design is encouraged, rather than constrained.

Successful coin designs can come from various sources within and outside the Mint, and different sources may be appropriate for different issues. Whatever system of design selection is chosen, it must be clearly stated in advance and remain fair and above board to all participating.

It should also be established in such a way to encourage artists to come up with truly original and unexpected designs which will generate interest and excitement among the public. The design process in general should be approached as an opportunity to create new images, rather than to reproduce familiar ones in coin format.

I would like to close with a few thoughts on the relation of commemorative coinage to circulating coinage. The aspect of a commemorative coin which establishes it as distinct from a medal is its perceived relationship to the circulating coinage of the Nation. To many Americans, the only true commemorative coin issued in their lifetimes is the Bicentennial quarter, as it was the only one which circulated.

The integration of commemorative designs into the circulating coinage, as was done for these Bicentennial issues, might be the best way to stimulate genuine popular interest in the Commemora-

tive Coin program. It could also mark the beginning of the consideration for new designs for the circulating coinage as a whole, which many believe to be appropriate as we plan for the currency of the next century.

Thank you.

Chairman CASTLE. Thank you very much, Dr. Stahl. We appreciate that.

[The prepared statement of Mr. Alan Stahl can be found on page 68 in the appendix.]

Chairman CASTLE. And we will turn now to Mr. Stack, but Congressman Hayes, who unfortunately is not a Member of this subcommittee or even the Banking Committee, we would love to have him, will perform the introduction of Mr. Stack.

Mr. HAYES. Thank you, Mr. Chairman.

I requested never to serve on the Banking Committee, certainly not because of any of the personalities there, but having resided as Louisiana State Bank Commissioner and closed 29 institutions, it appeared I wasn't real good at furtherance of most of those objectives.

I came this morning because it is rare for me and maybe unique for me to actually know every single person on a panel of witnesses before a congressional subcommittee, at least one that was not involved in a criminal act. And I am going to take advantage of taking Mr. Kennedy's seat because it is appropriate for me to pick that one. He may be the only person on this subcommittee who has two relatives on a U.S. Coin Commemorative.

The opportunity that I most wanted to take, however, was to introduce Mr. Stack. It is a personal relationship that goes back to the time I was a teenager. I know a great deal about the subject matter about which they are discussing because for over 40 years, I was intimately involved in collecting.

I served on the board of the American Numismatic Society of New York. It is the only thing I have to disclose in my financial disclosure form, by the way, and since I am not paid anything, including travel expenses, it seems pretty ridiculous to have to disclose that.

Ms. Deisher and I have been friends for many years. Mr. Ganz, I have known since before he was in his present position. Mr. Diehl I know more by reputation; I have had a chance to meet with him.

But Mr. Stack is the reason I began gathering the information that distinguishes numismatics from coin collecting. When I was a teenager and wandered into his shop, I had questions, not what coins were, I could figure that out even at a younger age, but how do you find out about their history, how do you find out about their nuances, about the manner in which they are designed, how do you know who made them and how do you tell some of the interesting minutia variations that leads to the science of numismatics as opposed to just gathering some coins.

Fifty years after his firm was established, in 1984 in their 50th anniversary, Mr. Stack, at my choice and none other, conducted a sale of what had been my collection and what has become in some opinion a landmark sale at the time. So I entrusted decades of educational experience, and indeed a great deal of money into the capable hands of what I think is the best firm in the United States.

I have not bought a coin from his firm in over 10 years after I quit collecting, and yet he and his associate and young Larry Stack and I are still the best of friends and still speak as late as a few days ago about a collection in New York State. That is the kind of business that this country has got to legislate toward protecting and preserving.

What I came to tell you this morning is simply this: No matter what the fads of collecting are, no matter what the merchandising programs are, this family is going to still be around, and for that reason, they care so much, every family member, with the exception of Mr. Stack's wife, works in that shop on West 57th Street, 123—I can still remember the address. Those are the kinds of businesses that care the most about how we legislate because they have an obligation to their customers that extends far beyond the sale. That is why they care about the MDC; that is why they care about the designs.

Having said that, I simply want to welcome my friend and my other friends to the subcommittee today and I assure you that I intend to work with those on both sides of the aisle with whom I am closely acquainted to perpetuate your story long enough to try to improve our legislative capacity.

Thanks so much to all of you for being here.

Chairman CASTLE. Before you start, Mr. Stack, I would just say to Jimmy, if he could get reassigned to this subcommittee, we would appreciate it. His knowledge is probably much more extensive than any of the rest of us. That was a great introduction.

I think we have a vote. But why don't we go through your testimony and then perhaps we will break for the vote.

#### **STATEMENT OF HARVEY STACK, NUMISMATIST, AUCTIONEER, APPRAISER, STACK'S, NEW YORK**

Mr. STACK. I would like to take a moment to thank Jimmy for the wonderful introduction and I guess the commercial that came along with it. I have known Jimmy for many, many years and collectors like him have been part of my life and blood.

My business is a family business, has been actively engaged in coins since 1934, and I have been active myself since 1947. I am here today not only representing my firm, but I am really here representing the Professional Numismatists Guild, which is a non-profit trade association that has the top coin dealers as its membership. We were founded in 1955 and our motto has always been, knowledge, integrity and responsibility. I was the former president of the PNG.

I would like to address my statement now if I may.

First of all, I must thank the chairman for, let's say, precluding some of the statements I was to make because of the full understanding of the problems that are confronting our industry, the coin collector, and the public in general. It is a very broad understanding and I think that something could be accomplished from this.

There are just too many U.S. commemorative programs with too many coins being produced. They are being sold by the Mint for too much money and under too many implied promises of future profit for the buyers. These are not rare coins. They are only—the only

thing rarer than these modern commemoratives is to find somebody who is willing to buy them if you have them for awhile.

If a private mint engaged in the marketing tactics and reaped the profit margins that the U.S. Mint is enjoying, I suspect that the Federal Trade Commission would take a closer look at that company. Investigative reporters and "60 Minutes" would have a field day.

Since 1982, Congress has authorized and the U.S. Mint has produced and marketed 126 different kinds of commemorative coins. For the 1996 Olympic Games alone, a record of 32 different coins are being marketed and if one were to buy one of each at a minimum cost, it would cost you \$2,261.

The explosive growth continues elsewhere in commemoratives. There are at least 18 pieces of commemorative legislation now pending before the 104th Congress. That is the Senate and House side.

Congress has never expressly mandated that the U.S. Mint become a profit-making entity with these programs, but that is what has happened.

I was only able to get information up to 1993. The other has not been released to us, so if you don't mind, I will just talk in those numbers that I have. Between 1982, when the modern commemorative program began, and 1993, the latest year for which I have the figures, the U.S. Mint's total sales revenues for commemorative coins was \$1.4 billion.

Its gross profit on these sales is more than \$550 million, a half a billion dollars. Its net profit was \$120 million. If they are losing money in 1994 and 1995, we are not aware of it yet. The U.S. Mint is not merely making money; it is making unusually high profits on commemorative issues, profiteering at the expense of collectors.

In addition to the Mint's profit, surcharges included within the official issue price of each coin have benefited special causes, such as the Statue of Liberty, the Los Angeles Olympic Games, refurbishing the White House and now the Atlanta Olympic Games.

From 1982 to 1993, total surcharges given to various special causes amounted to \$245 million. An additional \$70 million in surcharges was given to reduce the national debt. Perhaps maybe some more money should go to reducing the national debt and taking away some of these special interests that may be influencing Congress.

These surcharges are not tax deductible. The Ways and Means Committee has been considering a proposal to allow deductions for purchases of commemorative coins from the U.S. Mint, at least a tax advantage to the purchasers.

I mentioned earlier it would cost \$2,261 to purchase these coins of the Atlanta Olympic Games. What can buyers of these coins expect when they eventually decide to sell? While past performance is no guarantee of future prices, I can say with the utmost confidence that the buyers of these overpriced souvenirs will be bitterly disappointed.

I am 67 years old. I have a better chance of winning the Olympic marathon than any collector will have of making a profit on these coins. About the only way to make a profit on these coins is if gold happens to soar to \$800 an ounce again, and the Hunt Brothers

propel silver back to \$50 an ounce. Then these coins could be sold for a profit as a bullion-melted item.

So what happens to the person who buys the coins from the Mint and wants to sell them? I think I would like to tell you one quick story about an elderly lady who came into our shop on West 57th Street with a group of commemorative coins that she purchased since 1983 for her grandchildren. It seemed that her grandchildren needed the money to go to college and she decided to sell the coins. She brought these coins in, bought the coins directly from the Mint and paid over \$5,200 for the various issues. What we could offer her as the fair market price when she came in was \$2,200, and she thought we were trying to cheat her.

Although Stack's does not sell modern commemorative coins on a regular basis, we showed her she could easily purchase the exact same coins from other dealers for \$2,600, half of what she originally paid for them. She left our store very upset.

I include in my remarks a chart showing the actual current market prices and the current costs, and so forth. Despite the Mint's extreme suggested advertising that these are heirlooms and limited editions, there is virtually no secondary collector market for most of these coins, except for the bullion content.

The Mint uses its seal in its advertising to give false security to the value of the product. As many of you are aware, in 1994 they included a card with a tax refund check to promote the World Cup, and unfortunately, that wasn't even successful. They presently have the 1995 Special Olympic one in the current tax checks. At a time when people are getting a refund, they are now trying to solicit some of that money for these special programs, something that no normal commercial house can do.

If one was to look at the overall picture, the 89 coins sold through 1994, you would find that if you—with 13 issues, you would probably make a dollar or two profit. A couple of them you would break even, and you would lose money on 74 others. For some coins, the financial loss could be as great as 60 percent.

Coin dealers face an unfair competition from the Mint's advertising, and when dealers do sell these coins, they have to do something that the government doesn't; they have to charge local and State sales taxes. The Mint does not.

Municipal and State governments are also losing revenues. Collectors have become disappointed with the proliferation of commemoratives, disappointed with the themes, and designs and disappointed with the high prices. The disappointment now has turned to disgust. As mentioned before, there are now campaigns, grass-root ones, to start boycotting future commemorative issues.

Recently, one of our members of the PNG, David Sundman, looked at commemorative stamps. Since 1945, there was 2,000 different commemorative stamps issued, all at face value, by the way, and there were in the same 50 years only nine new coin designs were issued for circulation. I, as the others, have advocated a circulating commemorative which would cost nothing to the people but would project history.

Once again, I would like you to review what I said before. Congress OKs and the collector pays. There was—as of 1993, there was \$1.4 billion worth of commemorative coins sold; \$552 million of that

was for government profit, \$245 million is surcharges given to special groups, and \$70 million surcharge to reduce the national debt, and \$121 million of that profit. We—it has been a high-priced coin after high-priced coin, and losing money discourages collectors.

I thank the subcommittee for the opportunity to speak before you today.

Chairman CASTLE. Thank you, Mr. Stack.

[The prepared statement of Mr. Harvey Stack can be found on page 74 in the appendix.]

Chairman CASTLE. As you probably heard the bells, we are about 8 minutes away from the completion of a vote on the floor. So Mr. Lucas and I have to go over there. When we come back, we will resume with Mr. Ganz's testimony, then Mr. Diehl's, and then questions. I think I will tell you my first question before we break so you can be thinking about it.

At least among this panel—I don't mean to suggest this is the whole universe of everybody interested in coins—amongst this panel and based on what we have heard and I have read in the other testimony, there seems to be as much agreement as disagreement, maybe more agreement than disagreement.

I would be interested—maybe staff could help with this—if we could get some reading of what everyone does agree on should be done, because all of you are basically suggesting we need changes, and then maybe run on down to the things you don't agree on, look at the summary of the various things you stated.

You might be thinking about that a little bit because from that we can get a snapshot of everyone's conclusions here, because there seems to be a number of things that I suppose we should be doing based on what we are hearing today.

Thank you so far.

We will stand in recess until about 5 minutes after this vote and we will resume then.

Thank you.

That should, by the way, be in about 15 minutes.

[Recess.]

Chairman CASTLE. If we could resume the hearing.

Our next witness will be Davis Ganz. David Ganz is the current president of the American Numismatic Association and has been an elected member of the board of governors for the past 10 years. He is also a Life Fellow of the American Numismatic Society. He was appointed a chartered member of the Citizens Commemorative Coin Advisory Committee in 1993 and reappointed in 1995.

Mr. Ganz is the managing partner and principal litigator for the law firm of Ganz and Sivin, P.A. in Fair Lawn, New Jersey, and Ganz, Hollinger & Towe in New York City. He has previously testified before the Subcommittee on Consumer Affairs and other subcommittees of the House Banking Committee numerous times since 1974.

A prolific writer, he has authored books and articles on a wide variety of topics. His coinage book articles have included "Toward a Revision of the Minting & Coinage Law of the United States"; "Probative Value of Currency Dating for Income in Respect of a Decedent"; "Valuation of Coin Collection and Drop Dollar Bills"; "We

Need \$1 Coins." He also edited a book on "America's Coinage Laws."

Mr. Ganz received his law degree from St. John's University Law School and graduated from the School of Foreign Service at Georgetown University. He has also studied law at Temple University Philadelphia Law School in Rome, Italy. As a member of the New York State Bar, he is qualified in the first panel of certified arbitrators for the U.S. District Court for the Eastern District of New York and New Jersey.

Somehow there seems to be a connection between this legal background and coin collecting. I am not sure that I fully understand that.

We welcome you, Mr. Ganz, and look forward to your testimony, sir.

**STATEMENT OF DAVID GANZ, PRESIDENT AND LEGISLATIVE COUNSEL, AMERICAN NUMISMATIC ASSOCIATION, MEMBER, CITIZENS COMMEMORATIVE COIN ADVISORY COMMITTEE**

Mr. GANZ. Thank you, Mr. Chairman.

Chairman Castle, Members of the subcommittee, I am pleased to appear before you once again, this time for the first time as President of the American Numismatic Association, which, with 28,000 members, is the largest educational nonprofit organization of coin collectors in the world. I have a rather extensive formal presentation with written prepared remarks and appendices, and with the Chair's permission, I would ask that this be placed in its entirety in the record.

Chairman CASTLE. Mr. Ganz, anything that anyone submits here in writing will be placed in the record, and we appreciate those offerings, because the record will be then complete.

Thank you.

Mr. GANZ. Thank you, Mr. Chairman.

The Citizens Advisory Committee, of which I am a member, issued its first report to Congress in September of last year. The recommendations were unanimous.

There is a strong and compelling need to reduce both the number of commemorative coins produced each year; there is also an overwhelming need to reduce the almost staggering number of new issues to minimize the mintage of those coins that have been authorized but not yet produced.

The committee also made a unanimous recommendation that Congress give serious consideration to the issuance of a circulating legal tender commemorative coin, a coin without a surcharge, which would have its designs regularly changed to exemplify contemporary commemorative themes. The purpose of this would be to stimulate the general public to look at their pocket change much the way a Colonial Drummer Boy did a generation ago with the Bicentennial.

A rather extensive presentation as to the merits of such a proposal was made by me to the Advisory Committee in February of last year, and as Mr. Diehl and my colleagues sitting behind me would tell you, it is a theme that I have repeated and reiterated at every meeting of the Citizens Advisory Committee. It is time to



issue circulating legal tender commemorative coins with no surcharges.

The mission of the American Numismatic Association is to promote public awareness of coin collecting and its educational aspect and it is our belief that there is no better means of accomplishing this than with a new circulating commemorative coin, emblematic of the very values that has made our country great.

The Bicentennial commemorative coinage of 1976 shows this clearly. Today, a whole generation later, you can look at your pocket change and still see the Colonial Drummer Boy. Every time that I see one, it reminds me of how important a tale our coins have to tell, not only for today's collector, but also for millions of Americans and visitors to our country of our ideals, our country's goals and our country's aspirations.

As this subcommittee holds its oversight hearings on the problems associated with modern commemorative coins, I think that the starting point of any discussion should be the first report of the Citizens Advisory Committee, and I would ask that even though it is not attached to my testimony, that the Chair consider making the entire report a part of the record.

[The information referred to can be found on page 98 in the appendix.]

A circulating commemorative coin is essential, in my judgment. It avoids most of the abuses of the current system, principally by giving the profit, all of it, to the government. Other countries have utilized the concept of a circulating commemorative coin to great effect. Canada is one recent example, striking one coin for each of the Provinces.

Let me talk very briefly about the other types of commemorative coins, the noncirculating legal tender types. Commemorative coinage has a long and illustrious history in our country and some truly important events and distinguished Americans have been honored. But there has always been one problem. Someone is always looking to cash in.

What causes this problem? Let me briefly summarize, and to pick up on the question that the Chair asked a little bit earlier, I think that there is probably widespread agreement on most of these. Too many coins are being authorized, the programs themselves are not market tested, but driven by the underlying legislation.

The programs are driven by the financial needs of the sponsoring organization rather than timely commemoration and inability on the part of the Mint to be responsive to the perceived demands in the marketplace, contrived commemorations, such as the 38th anniversary of the end of this war or that, repetitious design themes, and an overly large ambitious program.

In a very different context, if the Mint were a private company and asked to produce soap, no one could imagine that they would be asked to do something without researching it thoroughly, checking out the packaging, and then the advanced marketing, and yet that is precisely what Congress asks the Mint to do in each instance.

Every group that lobbies Congress for its own commemorative program believes that they have a different marketing strategy and that their group is somehow going to help sell this out.



Mr. Chairman, with due respect to the remarks made by at least two of the Members this morning, it has never happened, hasn't happened in 100 years, and it isn't ever going to happen. In fact, between 85 and 90 percent of every single commemorative program is purchased by the Nation's coin collectors, the people on the Mint's mailing list time after time, and frankly, the surcharge that is on each of these coins is little more than a tax and it is something that is deeply resented.

Let me briefly summarize, if I may, Mr. Chairman, several points that I made in an article that appeared in the *Cleveland State Law Review* 18 years ago when I talked about commemorative coins at a time that they had not yet been started again in their modern mode.

I proposed then a commission similar to the Postal Stamp Advisory Committee, which in fact is what the Citizens Advisory Committee is today. That article suggested that up to three differently designed commemorative coins be authorized each year, that the designs be determined by the committee in consultation with the Commission on Fine Arts, that the coins be legal tender, that they be struck in clad metal, as well as other metals which at that time included the possibility of gold and silver and perhaps today could include other metals, that they be struck as proof and uncirculated, and perhaps, most importantly of all, that the profits derived from the sale accrue to the General Fund of the Treasury.

There are no easy answers to the commemorative coin problems, Mr. Chairman, but I am certain that this subcommittee, by having this hearing, is taking the very important first step of trying to solve this critical problem.

Thank you.

[The prepared statement of Mr. David Ganz can be found on page 85 in the appendix.]

Chairman CASTLE. Thank you very much, Mr. Ganz, and we thank you for your written testimony as well. We look forward to having you for the questions.

And we will now turn, finally, to Phillip Diehl.

Let me just say that in some circumstances, Mr. Diehl might have been on a panel of his own, might have gone first or whatever, but I thought it was appropriate in this case that he hear the testimony of everyone else so that we can structure all this together. Because, first of all, I don't know how much he disagrees. He probably agrees with a lot of this.

Second, I think it makes for a more meaningful discussion. So I thank him for his cooperation.

We have also indicated if he needs more time to be expansive on some of these subjects, he is welcome to it. Mr. Diehl is the current Director of the U.S. Mint. Previous to that appointment, he served as Counselor to Secretary Lloyd Bentsen and Chief of Staff at the Department of the Treasury.

He was also the Staff Director for the Senate Finance Committee under Senator Bentsen and served as the Senator's Legislative Director. Mr. Diehl has also served as Vice President of Regulatory Affairs at International Telecharge Inc., and as Director of Telephone Regulation for the Texas Public Utility Commission in Aus-

tin, Texas. His M.A. was earned in government from the University of Texas at Austin.

He has been a pleasure to work with at the Mint, and thank God there is one person in government who recognizes there are problems we have to work on together. So we look forward to hearing from Mr. Diehl.

**STATEMENT OF PHILIP DIEHL, DIRECTOR, U.S. MINT,  
CHAIRMAN, CITIZENS COMMEMORATIVE COIN COMMITTEE**

Mr. DIEHL. Thank you very much, Mr. Chairman.

During my Senate confirmation hearing last year, I made a commitment to the Congress and to my customers that one of my top priorities would be to work with the two banking committees to work with the Mint's troubled Commemorative Coin program. I am pleased to appear before you today in my roles as Director of the Mint and as Chairman of the Citizens Advisory Committee, to begin the process which I hope we will make major changes in the way the commemorative coin programs are authorized by the Congress and the way they are administered by the Mint.

Mr. Chairman, I know you share that goal. In the 6 short months you have been chairman of this subcommittee, you have demonstrated great insight and leadership in moving us in the right direction. Your strong public statement last January regarding the need to restrain the proliferation of commemorative coins enacted by Congress has slowed the momentum of some two dozen proposals now pending before Congress.

What is more significant, you have raised the threshold requirements under which this subcommittee holds hearings on commemorative proposals. You have also provided strong support for the Mint's Revolving Fund proposal, a crucial component in our efforts to lower the cost and prices of our commemorative products. And now today you have called this important hearing to air issues surrounding the Mint's Commemorative Coin program. For that, I thank you on behalf of all of us at the U.S. Mint who must administer these programs, and, I think, as well on behalf of the million and a half Mint customers who buy these commemorative products.

Before I proceed, I would like to introduce the members of the Advisory Committee who are with us today. Of course, we have David Ganz, who has already been introduced. We have Mrs. Elsie Sterling Howard, who is Consultant Director with Women's Services, Women's Health Care Specialist and recipient of many recognitions, including the Alumni Award of Merit from the University of Pennsylvania.

We also have Mr. Reed Hawn, businessman with interests in oil and gas, ranching and numismatics as a collector, trader and investor and student.

And we also have Mr. Danny Hoffmann, 18 years old and newly graduated from high school, a member of several coin associations and also the author of published numismatic articles.

We have two members who could not be with us today, including Mr. Thomas Shockley, Executive Vice President of Central and Southwest Corporation in Dallas, a member of the Board of Directors of Central Power and Light, M-Bank of Corpus Christi and the Economic Development Corporation in Corpus Christi, and we also

are missing Mrs. Elvira Cain-Stefanelli, who is Executive Director of the National Numismatic Collection of the Smithsonian Institution. She is also the author of books, brochures and articles about history and numismatics, and I know Lisa would very much like to be with us, but she is recovering from surgery, and her physical therapist would not allow her to join us this morning.

Mr. Chairman, today we have heard a great deal of what is wrong with these commemorative programs. Indeed, there is much to be said on that subject, and I will add my assessment, and I know you know that I am a critic of the status of those programs as we stand here today. But I think it is also important to recognize some things that are right.

I am pleased to include in my testimony the results of a survey of 1,100 randomly selected Mint customers conducted earlier this year by the survey research firm of Schulman, Ronca & Bucuvalas.

I think all of the witnesses here today would like to speak to these issues for the American coin collector. That is as it should be. But, Mr. Chairman, these poll results provide us a way to hear directly from our customers.

First, those customers give the Mint very high marks as a supplier of commemorative and other products. Fully 87 percent of our customers rate us as very good or excellent, and only 1 percent rate us as fair or worse. I would say that most private sector enterprises would give their eyeteeth for customer evaluations like this.

Given the controversy surrounding the commemorative program, however, one might expect that our commemorative customers are more critical. That doesn't appear to be the case. Commemorative buyers consistently give us good to excellent ratings of between 85 and 99 percent on a wide variety of evaluations covering order accuracy, product quality, customer service and timeliness of deliveries. Even with respect to price, almost 80 percent of our commemorative buyers rate the purchase of their most recent commemorative purchase as good to excellent.

A real surprise, Mr. Chairman, came when we asked our commemorative customers if the Mint produces too many commemorative programs. A majority actually said no; 46 percent thought the number of programs was about right and 5 percent thought there were too few.

Nonetheless, 44 percent said there were too many programs, an evaluation which I subscribe to and which I know the Members of this subcommittee subscribe to. But in summary, the Mint's customers on the whole are far less critical of the state of the commemorative program than you would be led to believe by reading the editorial pages or letters to the editor in the numismatic press.

This is understandable, for, after all, coin collecting is a hobby meant for enjoyment. I make this point, Mr. Chairman, because I think we need some perspective on the matter before we discuss the consensus that is building around how we need to change this program.

This survey found no reason to believe there is a ground swell among our commemorative customers for ending the modern commemorative series administered by the Mint. In fact, all evidence points to strong support for continuing the program while fixing what is wrong with it.

There is more that is right with these programs, Mr. Chairman. They are a money-maker for the U.S. Treasury. Since 1982, the Mint's commemorative programs have generated almost \$650 million in net revenue for the Federal Treasury in program profits and proceeds from the sale of gold and silver from the Nation's stockpiles. That is \$650 million in taxes that didn't have to be borne by American taxpayers, or \$650 million in deficit spending we were able to avoid.

It is a symptom of the problems that have emerged in recent years, however, that over 90 percent of these profits earned came during the first 10 programs. The profitability of the nine programs, since 1992, has been marginal at best. But I am convinced, Mr. Chairman, that if we fix what is wrong, we can return these programs to profitability.

Mr. Chairman, there is much that is good here for American coin collectors, for the American taxpayer, and for the American people, if we are able to reform the Mint's commemorative program and put it on the right track.

Now, one of the criticisms of the Mint's commemorative program you have heard today is that the Mint earns inordinate profits from these programs. As publicly available financial records of the Mint reveal, this simply is not true.

I have included in my testimony a summary of costs, revenues and profits of every modern commemorative program through 1994. This chart demonstrates that the average profit margin for these programs has been a modest 12 percent. In fact, profits have declined during the 1990's as the Mint has struggled to maintain sales in the face of a glut of commemorative programs, excess mint-age levels, and rising surcharges imposed by Congress. Between 1982 and 1991, the average profit margin was 14 percent. In the past 4 years, profit margins have fallen to 7 percent, and in 1994, the Mint actually registered a loss in its commemorative line of business.

Furthermore, the claims we have heard that the Mint itself has reaped unconscionable profits from these programs is dead wrong. Since profits from commemorative programs have been deposited in the Mint's Public Enterprise Fund beginning in 1993, these programs have generated little or no profit. Since 1982, virtually all commemorative profits have gone to the general fund, not to the Mint.

Finally, the claim that the sale of gold and silver through our commemorative programs has reaped unreasonable profits for the Treasury is also misinformed. This claim is based on the fact that the government's books carry silver at \$1.29 per ounce and gold at \$42 per ounce, while the Mint purchases these metals for our commemorative programs at current market prices.

At first blush, the difference between a \$42 book value and \$380 market value for gold might lead one to conclude that the Treasury earns a huge profit from these transactions. However, this overlooks the fact that the \$42 book value is an artificial historical price that is many decades old. If we consider the time value of these assets, plus the expense of storage and security over many decades, I suspect the government is merely recovering its costs in these transactions.

Moreover, the alternative to selling these assets at market value would be to allow coin collectors to acquire them at a discount off the market. Mr. Chairman, I can assure you that I would look forward to setting new sales records if I were able to sell gold and silver at a discount off market, but I think it would be a difficult practice to justify to American taxpayers.

All that said, however, I will agree that the prices of the Mint's commemoratives are too high, not because the profits are excessive, but because the cost basis for these programs is too high and the surcharges imposed by Congress have been rising.

We are taking aggressive action to trim overhead costs at the Mint, and I am hopeful that congressional approval of a Mint-wide revolving fund will allow us to reduce prices in the next 12 to 18 months. If the Mint continues to lower costs of these programs as we intend, and if Congress passes the Mint Revolving Fund proposal, which we think has a good chance of happening this year, while also exercising restraint in the approval of mintage levels and in setting surcharges, I believe we will be able to lower prices and increase secondary market values of our commemorative products.

I turn now, Mr. Chairman, to the advisory committee's recommendations for reforming the Mint's commemorative programs contained in greater detail in the committee's first annual report to Congress issued last November which Mr. Ganz has asked be included in the report.

First, Mr. Chairman, as you know, Congress is approving too many programs. Since 1982, Congress has mandated 28 commemorative programs. Only seven were approved during the first 9 years from 1982 to 1990. The demand for new programs skyrocketed as more organizations discovered that coin programs often produce revenues more quickly and reliably than the congressional appropriations process.

As a result, nine programs were approved for issuance over the last 18 months, more programs than were mandated during the first 9 years combined.

As a result, domestic commemorative coin sales have been in decline over the past decade as collectors have grown increasingly frustrated with their lack of an effective voice in the commemorative coin approval process. Unfortunately, skepticism and resentment among our core customers is affecting sales of many of our 1994 and 1995 commemorative programs. Domestic commemorative sales have been weak for eight of the nine programs launched since January 1994.

Even more important than limiting the number of coins each year, however, we must reduce the maximum authorized mintages of these programs. Restricting supply creates potential for commemorative coins to retain their value in secondary markets, thereby rewarding collectors who bought them and generating greater interest in subsequent commemorative programs.

But beyond these necessary steps, preserving the viability and profitability of commemorative programs requires fundamental change in how commemorative coins are authorized. Toward that end, the committee urges Congress to adopt legislation giving the Secretary of Treasury authority to select commemorative coin de-

signs, components and mintages. Congress, of course, would retain oversight over commemorative programs. Without a dramatic change in the current practice, I fear commemorative coin programs will continue to increase in number as Congress taps their fund-raising potential and overlooks market considerations.

I would like to depart for a minute here to give you a flavor for the challenge that we face with our commemorative line of business. We are essentially a business enterprise that does not control its own product line in the commemorative line of business, and I can illustrate some implications of that very directly by referring to the 1995-96 Olympic coin program that we are marketing right now.

The Olympic coin program has an authorized mintage of 18 million coins. There is no way we can meet the Atlanta or the USOC expectations for the sale of that many coins by selling them directly to our domestic numismatic customers, or even into international markets.

In order to come anywhere close to realizing their expectations, we have undertaken in only a few months what it would take probably a year-and-a-half for a private sector enterprise to do, and that is to become a mass marketer, to convert ourselves from being a mail-order firm into a mass marketer of commemorative products. We have done this through partnerships with major household-name retailers such as Wal-Mart and J.C. Penney.

We have a list of about 20 retailers that we are partners with, and we have a very sophisticated just-in-time delivery system for providing product into their stores all across this country. We will take advantage of this retail initiative for about 18 months in selling Olympic coins. We will raise far more in revenues and make this program far more profitable for the Federal Treasury than if we had not developed this mass marketing potential.

But the irony is that when the Olympic program is over our newly created retail capability will wither because we have no upcoming commemorative programs which are of the appropriate theme or the appropriate size that we can continue to fill these channels into the retail market.

If the Secretary of the Treasury had greater control over the selection of commemorative themes and the size of programs, we would be able to take advantage of this new marketing capability we have developed and continue it over the years and have it available for these large programs when they come along.

For example, I have no doubt, given that Salt Lake City has won the bid for the 2002 Olympic games, that some time in the not too distant future we are going to hear suggestions for a commemorative coin program in honor of those games, and I am sure, since they are here in the United States, that the organizers will have high expectations for the surcharges we can raise.

Mr. Chairman, the advisory committee's report also contains proposed legislation to establish a permanent annual commemorative coin program managed and operated by the Mint, with advice on the themes and mintage levels provided by this committee. The legislation would establish a mechanism to limit the number of yearly programs, and it suggests the mintage levels to be authorized for those programs.

For 1995 through 1997, the advisory committee recommends authorizing the six coin programs proposed in the CCCAC's report to Congress and recently consolidated into companion bills, H.R. 1753 and S. 885.

And I want to depart for just a moment and respond to observations that I have heard this morning, which I have heard before, about the irony of this committee coming forward with as many coin proposals as it has advocated for the next 5 years. We wrestled with that, and I want to share our reasoning with you.

The CCCAC understood and established as our top priority the need to restrain the number of programs and the mintage levels for those programs. However, two considerations came into play in the number of programs we selected.

One was that there are two commemorations of particular interest to our core customers, the coin collectors of the United States. One of the biggest problems with the themes chosen by Congress is they have not reflected the interest, in many cases, of our core collectors. We have boycotts being organized by some State numismatic associations because Congress failed to heed the interest of coin collectors and did not pass a program to celebrate the bicentennial of the U.S. Mint back in 1992. Even though we are 3 years beyond that date, this omission still sticks in the craw of many coin collectors, and four or five State coin collecting organizations have called for a boycott of Mint commemorative programs until Congress passes a program honoring the bicentennial of the U.S. Mint.

We think it is too late to do that. It is too late in 1995 or 1996 to celebrate an event that occurred in 1992, but this committee has found another worthy commemoration that can be used to celebrate the bicentennial of the Mint, and that is to celebrate the bicentennial of the production of the Nation's first gold coins, which occurred in 1795. That program is one of those that the CCCAC has recommended. But in order to fit this program in this 5-year plan, we had to recommend it for this year, even though three coin programs with maximum Mint authorized mintages of 12 or 13 million coins have already been enacted into law.

A second recommended program of great interest to our core collectors recognizes the 150th anniversary of the founding of the Smithsonian Institution. This program interests our core collectors because a portion of the proceeds, at least 15 percent of the proceeds from the surcharges of this program, would go to support the National Numismatic Collection. That collection is basically the gift of our country to American coin collectors, a \$2 billion-plus collection of coins, not only of the United States but from around the world, including ancient coins. The CCCAC had to recommend these programs for 1995 and 1996 in order to be timely, and so we have attempted to work on that.

The tradeoff we have made is to make the mintage levels as low as possible, but we feel it is very important to act on the interest of our coin collectors in these two programs.

On the subject of surcharges, Mr. Chairman, I think it is important, and this committee believes it is very important, to revise the manner in which beneficiary organizations receive funds from the sale of commemoratives. The present practice calls for a fixed dol-



lar surcharge to be added atop our production, minting, marketing and distribution costs.

We are calling for a change in that practice. In place of a surcharge, we are proposing that the Mint be allowed to set a specific profit level for each commemorative program. That profit would then be divided between the Mint's Public Enterprise Fund and the beneficiary organization. This agreement would create a more businesslike relationship between the Mint and the beneficiary organizations and would motivate the beneficiary organizations to contribute more to the success of these coin programs rather than just sit back and take what comes to them.

In summary, Mr. Chairman, the Mint and Congress face a persistent challenge to the long-term viability of the Mint's commemorative program. That challenge threatens to surpass collectors' willingness to buy and the Mint's ability to produce and market in a businesslike manner. To correct this situation, the advisory committee emphasizes the urgency of restraining the number of programs, limiting mintages, reforming the manner in which coin programs come into being, and adopting legislative initiatives that facilitate market pricing in the Mint's operations.

As always, Mr. Chairman, my staff and I are available to discuss these proposals at your convenience and it would be with great pleasure that I answer any questions you would have.

[The prepared statement of Mr. Philip Diehl can be found on page 108 in the appendix.]

Chairman CASTLE. Well, thank you very much, Mr. Diehl. We appreciate your testimony on this.

I have some questions and the others may as well, and perhaps we can—because there are only a few of us here, we can dispense with the 5-minute rule, we can open it to the floor to the questions the Members have.

I want to get to the definition of what we agree on as the problems and the solutions, but I have a couple of questions of you first, just things I don't fully understand. Because I share your interest that we need to change this, but I want to make sure we understand what we are changing.

Let me say first that the first annual report of the Citizens Commemorative Coin Advisory Committee is part of the record. It is an important piece of reading for all of us on the subcommittee. But one—I don't know how you would do this. One group that is not really represented at this table are the beneficiaries of these programs.

They are in the room, but not at the table. It is done by a political process. There is no question that there is all kinds of political shenanigans, if you will, in both the Senate and the House, in terms of who gets put into different pieces of legislation in some sort of a rider form in order to be one of the qualified organizations. So some that are perhaps less qualified than others end up being the beneficiaries of all of this, but nonetheless, there is to me some public good in all that.

I am not suggesting that the—if you took the list of the last 12 who qualify, they are the 12 that should have qualified, but on the other hand, I can't tell you that there is any of those organizations that do anything but basically good, well-intended, good-purpose



endeavors for whatever they represent for this country. And for that reason, is there some offset to whatever potential public loss there is, and can you make the further argument that, gee, coin collectors are free not to subscribe if they don't want to, so does it really hurt to issue these coins?

I am not necessarily advocating these positions. I am playing devil's advocate, but I can see some argument on that side that perhaps is not being made here. I would be interested in your comments on that.

Mr. DIEHL. I would completely concur that there are many good things that come out of the surcharges that are raised through these programs. We restored the Statue of Liberty with the programs.

We train Olympic athletes through these programs. We have built major training facilities in Colorado Springs for the U.S. Olympic Committee. There are probably 25 different beneficiary organizations that I think all of us would agree in virtually every case are worthy recipients of these funds.

I think what we are talking about is not ending their ability to raise funds through these programs but changing the way in which they do it. Rather than having a surcharge of, say, \$10 for each silver commemorative coin that we sell, we are proposing a profit-sharing arrangement, whereby the beneficiary organization might receive 70 percent of the profits, the Mint's Revolving Fund receive 30 percent of the profits, and in that fashion we address a number of the problems we have had with the commemorative program.

One problem we have had—

Chairman CASTLE. Who would determine the beneficiary organization under this restructuring? Would it be done by the new committee that has been formed, the CCCAC, or—

Mr. DIEHL. Well, we have purposely left that open for discussion.

Chairman CASTLE. Big question.

Mr. DIEHL. It is a big question, and I think there is a very appropriate role for the banking committees to continue to play in that function. There may be a role for the Secretary of Treasury to play.

I can assure you that as long as I am Director of the Mint, it is not a role that I want to have responsibility for, deciding who are the winners and who are the losers. But I think it is an issue that we need to wrestle with and one that I think may most appropriately reside in the hands of the two banking committees, in determining which recipient organizations get the benefit from these programs.

But what we are talking about is insuring that the financial incentives that those recipient organizations have are the same that the Mint faces. We have a situation today where a beneficiary organization, and some of them have actually done this, have attempted to drive the Mint to spend, for example, \$15 to market a coin that they get a \$10 surcharge for, because there is no net-out of the expense of these programs.

You have a situation with the World Cup program, which has been discussed, in which the program lost money and yet we raised \$10 million for the sponsoring organization. We would eliminate those possibilities by doing a profit-sharing arrangement. Beneficiaries would have the same interest that we have in assuring we

get the biggest bang for the buck for our marketing dollar if we made this a profit-sharing arrangement, and we would not have a situation any longer in which a beneficiary organization makes a profit from a program and the Federal Government does not.

Chairman CASTLE. Let me interrupt you again.

When you say profit-sharing, does that mean that you have to get to a certain number of sales before you get into a profit-sharing arrangement?

Mr. DIEHL. Yes.

Chairman CASTLE. And the Mint would underwrite the initial issuance. They wouldn't ask the organization for money at that point. They wouldn't get a profit either.

Mr. DIEHL. That is right.

Chairman CASTLE. Then after you have gone through whatever the issuance would be, the cost of it, then at that point establish a break even, and then there would be a profit-sharing between the organization and the Mint. It is simplified, but something like that?

Mr. DIEHL. That is correct. That is exactly right. The organization would not bear any risk. The government would continue to bear the risk. The risks would be much lower under this arrangement than they currently are, but the government would bear the risk. No sponsoring organizations would ever lose a penny through a commemorative coin program, but we would have to reach a break-even threshold on the sale of a coin before they could expect to receive any of the benefits from it. And then they would reap, in the example that we are using, 70 cents out of every dollar, and the Federal treasury, through the Public Enterprise Fund, would get the other 30 cents.

Chairman CASTLE. Let me ask one more question, then we are going to have to break again for another vote.

On the World Cup Soccer, I don't remember the numbers, but something like 10 million were authorized and a million and a half or so were actually issued. But the key word is "authorized." They were never minted; they were authorized by the Congress and then the Mint had some discretion in terms of how many could actually be minted and distributed. So there is some ability to maintain costs within that structure?

Mr. DIEHL. Yes. When Congress authorized the 10.75 million coins for the World Cup program, we do not mint that many. This is an art rather than a science, but we will project what we expect the sales to be and we will mint to that projection of demand. So in the World Cup program, we initially projected sales in the neighborhood of, I think, about 2 million coins.

It may have ended up being less as we lowered the projections when we saw the initial response, but we ended up producing more coins than we could sell. We produced more than the 1.5 million we sold, and there was a loss associated with that. It was a relatively small portion of the total \$3.5 million loss, but it was a loss nonetheless.

One of the reasons why the projection was high on the World Cup program was that when we were planning that program in late 1993, it was the only commemorative program authorized by Congress for 1994. Then at the last minute, in November, signed

into law by the President in December of 1993, five additional coin programs were authorized for 1994 alone. So when we were making the projections of sales and setting prices for that program, making all the other plans for the program, we thought there were no other competing commemorative coin programs in the entire year 1994. When we actually got into the marketplace, there were five other programs competing with it, a number of them much more popular with our collectors than World Cup Soccer was.

Chairman CASTLE. Thank you.

We do have a vote. We have about 8 minutes left. Mr. Lucas and I need to go vote.

I would like to resume the panel, though, in about 15 more minutes and, hopefully, for your schedules, we would finish up sometime probably before 1:00 o'clock. Of course, it depends on votes over there.

So with that in mind, we stand in recess and we will resume in about 15 minutes.

[Recess.]

Chairman CASTLE. Because we are going to be dancing between votes all day, I think it is probably better to resume and try to cover as much as we can, and hopefully pick up other Members as they come in and want to ask any questions.

One—and again, I want to eventually get to a bottom line, but one figure that was in several of your written statements and was stated here at least once, is that 85 to 90 percent of all the coins issued by the Mint are essentially purchased by collectors; they are not purchased by the interested parties.

As a matter of fact, there is probably a lot of misrepresentation by the various groups in terms of the great interest in collecting these coins that would be issued by these various groups. Is that something that you all agree to or is that in dispute?

Mr. DIEHL. Well, I would give you a couple of caveats to the general rule. I think the general rule is correct, that over 90 percent, the vast majority of these programs are sold to hard-core numismatic collectors. Some programs are an exception, notably those for which the sponsoring organization has resources they can bring to the table and the leadership to exploit them, but those are relatively few and far between. Every now and then you have a program that has retail or international distribution opportunities.

And so in the 1996 Olympic program, the vast majority of the coins we sell will not be to our core numismatic customers. They will be into the retail markets and into international numismatic and retail markets.

That was also true, for example, of the Statue of Liberty program in 1986 and for the 1984 Los Angeles Olympic program, but as a general rule, I think it is safe to say that between 90 and 99 percent of these coins are sold to the Mint's core numismatic customers.

Chairman CASTLE. You would know this I think, Mr. Diehl. Is it—and this is something I am surmising and perhaps I should know. But is it not correct that a great number of the approval of these coins does not go through a normal system up through this subcommittee and this committee, but ends up in—as riders to a bill in the Senate, reconciliation bills, or whatever, so it is sort of

a haphazard, very political process that designates who gets these and who does not? Again, I am not saying anything derogatory about the associations that get it. But it is not a very fair and balanced process, as I see it, that makes that selection.

Mr. DIEHL. I think that is especially true with programs that have been approved in the last 18 months or so. That is my impression, although my own experience has only been over about the last 20 months.

Chairman CASTLE. Mine, too.

Mr. DIEHL. My impression is that in the past, there was a more deliberative process, here on the House side at least, in which typically the sponsoring organizations came before this subcommittee and there was a hearing and there was discussion. There has very rarely been that kind of hearing process on the Senate side.

But in the last 1½ years, we have seen an increasing number of these proposals being approved en masse, in groups of six, for example in which there is never a hearing held, and in some cases, we have not even known about a proposal at the Mint before it basically was hitched on to some other bill.

Also, Members of Congress have learned that if you move coin legislation as part of bigger, more important legislation, there is no way for the President to veto individual coin programs without a line item veto. There is no way for the executive branch to exercise any discretion. So you attach it on to some large popular bill that otherwise they know will not be vetoed, and off it goes, and they have their coin program.

Chairman CASTLE. This invites a moment to speak on the line item veto, which I am totally in favor of and believe the President should have.

One other question of a technical nature. As I understand this program, and again I am simplifying, but essentially as the years have gone by, recent years have gone by and more and more different commemorative coins have been authorized by Congress and the Mint has had this responsibility to issue them, the profits in this have diminished because primarily the coin collectors are just being overwhelmed by this and the costs are so high, a lot simply can't afford it.

From this we judge in the last couple of years the Mint may actually be losing money on these issuances, had a reduction in potential profits and may now be losing money. My question to you, and I know nothing about this, is the methodology by which you calculate those costs. I mean, is this fair or are there, for instance, advertising costs and other costs that aren't built into it?

Would a good accountant say this is a lousy system, you are actually making more money than you think or you are losing more money than you think? Has anyone looked at the accounting system for all this?

Mr. DIEHL. That is a very good question, and it is a common misperception that you give me the opportunity to address with this question. When we say that the Mint has lost money in a commemorative coin program, I don't think a private business enterprise would claim that it had a loss in that same situation.

Let me give you an example of the way we handle the finances with respect to the World Cup program, because there is a lot of

talk about the \$3.5 million loss in that program. The World Cup program covered all the direct costs of producing and marketing those coins, including the metal costs, the manufacturing costs, the advertising. All the direct costs related to that program were covered by that program.

Before we launched that program, though, we allocated a portion of the overhead expense of the Mint, such as the expense of my office, to that program, and all the other numismatic programs of the Mint. That program drew, if memory serves me, about \$9.5 million in overhead costs. Six million dollars of that overhead was also covered on top of all the direct expense of that program. But \$3.5 million of the overhead was not covered, and that is the loss that we announced and confirmed back in May with our report to this subcommittee.

If Adidas were looking at each product line to ask, "Did this product make a profit, or did it not," they would not do their books like we have done. Because this is the first program that clearly was going to be at a loss, I thought it was inappropriate for the Mint to change its accounting treatment in the middle of that program because doing so would certainly give the appearance that we are trying to avoid the appearance of a loss for the program.

But I am convinced that we need to change the way we account for the profits and losses of these programs and we are in the process of doing that. In fact, we have begun to change the way we report profits and losses on individual programs, the financial performance of these programs, to this subcommittee and to the Senate Banking Committee. But within the context of how we accounted for program losses and profits in 1994, the World Cup program suffered a loss.

Chairman CASTLE. Thank you for that, and it is helpful to have that information; something I certainly didn't know before.

I have other questions, but let me see if Congressman Lucas or Congresswoman Kelly might have any questions.

Congresswoman Kelly.

Mrs. KELLY. Thank you, Mr. Chairman. I have a couple of questions, things that I find of interest to me.

Mr. Diehl said that coin collecting is a hobby meant for enjoyment. I agree. I have family who are interested in it and it is a very enjoyable hobby, but a lot of other people look at it as a way of savings and making money, and I am interested in the way that the Mint has offered its products, and basically I really would have a question for you, and Mr. Stack.

I want to know about the fact that when—I looked at Mr. Stack's testimony and there is a chart in there showing these dramatic losses for practically all of the commemorative coins offered by the Mint. Why do you think, I don't know which one of you wants to go first on this, why do you think these commemorative coins, particularly those that are issued between 1982 and 1989 especially, have failed to maintain values that are equal to their issuance cost? And I wonder how you think the consumer feels about having such large losses.

Mr. DIEHL. I will be happy to start off with an answer to that. I am not going to endorse the specific numbers that are shown on those charts, but I will agree that the majority of our coins, and

probably the vast majority of our commemorative coins, have lost value in secondary markets. There have been some exceptions but not a lot of them, not as many as I would like to have as the head of this business enterprise, but I think they have lost value for probably two main reasons.

One is the practice of adding a surcharge to the coin. And so clearly identifying the surcharge makes it relatively easy for the secondary marketers to discount immediately the surcharge from the value of the coin. And typically, when you look at secondary market values, what you often see after a program is over is the immediate drop in the value of the coin, and the size of that drop is often equal to the size of the surcharge that was imposed on the coin.

The second reason why those coins don't hold their value is simply the laws of supply and demand. Congress is approving too many programs and too many coins in each of those programs, and therefore, there are far too many on the market to support the secondary market value.

That is one of the reasons why we think it is very important that we limit not only the number of programs each year, but the total mintage level for each of those programs.

Now, let me give you an example of a program that has not lost money. It was one of our programs for last year. In fact, it was the only program that I would call really a success last year. That was the commemoration of the 250th anniversary of the birth of Thomas Jefferson.

It was a program that was a Mint Director's dream because Jefferson is a founding father of the U.S. Mint. He is the founding father of the decimal coinage system that we have today. He had a direct personal involvement and interest in coinage matters. It was a great way for us to educate our core collectors and ourselves about Jefferson's role, and to celebrate Jefferson's role. And 250 is a nice round number.

The commemorative was for 250, instead of 38, 29, or something like that, and the cause that we were raising the money for, which was the preservation of Monticello, was one that our customers could get behind.

The other crucial component was that the program had a relatively low mintage level. It was 600,000 coins. We sold out those 600,000 coins in 5 weeks.

I think we sold them for about \$32 or \$33. We saw the secondary market value of that coin after we sold out go up to between \$50 and \$60. And I don't know what the present value is, but my guess is it is still substantially above what we issued that coin at.

In the context of all the other coin programs in 1994 that were disappointing in performance, and undoubtedly were disappointing in performance in the secondary market for our customers, the Jefferson program is an illustration of what we can do when we do things right.

Mrs. KELLY. Thank you.

Mr. Stack, would you like to address this?

Mr. STACK. Yes, I would like to address it. I think that people don't understand as much about the commemorative coins and Mint being the marketer as I would like to try to explain to you.

It seems that when the government fixes a price on something, if you fix a price on a stamp, let's use a stamp against it. You put a price of 32 cents on a stamp because that is what the current postage is. You buy a block, a sheet, whatever, you pay it to the government agency, the face value times the number of stamps you buy. If you don't like the stamp after awhile for any reason in your collection, you take it, paste it on your envelope, it gives you the goods and services.

There is in the coin an implied fair market value. I think this is the problem that Mr. Diehl and myself have been at odds about and I spoke to the Commemorative Coins Committee last year about the same thing, that there seems to be an implied value. The use of the U.S. Mint Seal gives integrity to the product. So you have got two things going for it.

I personally have advocated for many, many years that the Mint should not be the merchandiser. I think they should be the maker of the coins; there are many, many more commemorative things that should be commemorated.

I don't disagree with it. I brought with me today, for example, just as you can see, back from 1892 to 1954, there were private commissions, dealers, who did the distribution. They provided the wrappings. They provided the promotions. And the—most of the commemorative issues were 25,000, 50,000 at a time. And they were sold, made at face value at government expense, given to them at 50 cents because they were 50 cent pieces, most of them, and then the commissions sold them for a \$1.50, \$2 apiece, and that was the surcharge of the advertising that went to whatever these commissions are.

I believe that the U.S. Government, being the manufacturer and distribution, has caused a problem within the industry. And they are also assuming the amount of collectors.

I disagree with the statistics personally. There aren't 600,000 or 700,000 collectors in the country. And the best way to prove it, if you add up the total publication of *Coin World*, which is a very important publication in our business, *Numismatic News*, all the Members of the American Numismatic Association and a few other publications of that type, they don't add up to 600,000, and that is assuming that everybody only buys one publication. I can tell you many, many people buy multiple publications.

So to say that you are selling it strictly to coin collectors, that is a little bit hard to say. I believe the public is getting the coins. And I found offensive, and as I brought out in my testimony earlier, I found offensive that the government, at the time when somebody is getting a few dollars back from their taxes, a promotional piece for, in this case, the World Cup, and I just—in fact, I just got the other day the Special Olympics.

Now, I have nothing against these programs, but I don't believe the government should be using its seal, because it has got the Mint Seal on it, and promoting a product which is in an envelope that is also giving money back from the government. It is like saying, we gave you a \$100 refund. Give us another \$33 for a coin.

Just to give Mr. Diehl a current market on the Jefferson coinage which came out at \$27 originally and then \$32 was the after-sale, \$31 on the approved specimen, and \$35, the current retail price is



\$35, but the bids are \$30 and \$33 on them. So they really have not gone back up again. They go up for a little while and then they drop. There are just too many. They adjust the production number against the supply and demand and that is the answer.

Mr. DIEHL. May I respond to one particular suggestion? That is, that the Mint should manufacture the coins but not market them and turn them over to the sponsoring organization or to coin dealers or anyone else to sell them. We have been down that road before.

The modern commemorative coin program dates from 1982. But the Mint began its commemorative coin program, its initial commemorative program, more than 100 years ago. We continued it until the early 1950's when finally Congress and the President shut down the program. There is a good deal of documentation to support why the President and Congress discontinued commemorative programs, and we will be happy to provide that to the Chairman for inclusion in the record. It is not our documentation; it is from other government sources.

One of the primary reasons why this occurred was because of marketing abuses from this very practice of the Mint producing the coins and turning them over to third parties to market them.

The Mint has been extraordinarily careful in the 2 years I have been at the Mint. And this wasn't my doing. This was inculcated to me by my staff, about making inappropriate claims about the financial advantages of buying these coins.

We are very cautious about that because the record is absolutely clear: these are not good investments. These are keepsakes, they are souvenirs. We compete basically with T-shirts. At the Special Olympics Games just last week in New Haven, Connecticut, we sold them right next to the starter T-shirt and sweatshirt centers. We sell these as mementos of commemorations. There are some of them that end up being good investments, but be that as it may, we never sell them as investments.

And I think it would be a significant error and a repeat of an error that Congress has made in the past to turn these products over to third parties to sell. It is very simple to understand why it would be a mistake. Those organizations usually go to the well of coin collectors one time. They will never have another commemorative coin program that they can make money from. So they will use every device they can to sell as many coins as possible, make the maximum profits they can for their charitable cause.

There is a balance to be struck between maximizing sales and insuring the viability of the commemorative coin market, and I think the Mint and the Treasury Department are in a much better position than any third party in attempting to preserve the viability of the coin market.

Chairman CASTLE. Mr. Stack, I will give you a moment to respond, but let me say something first.

First, Mr. Lucas also has questions. We want to get back up to Mrs. Kelly, a vote again. But I agree a lot with what Mr. Diehl said.

I would just say one thing. I think the American public generally views coins differently. They don't view it as being just commemorative and just tokens. They think when they put money into it,



there is an imputed value to it. So we have to be more cautious with the selling of coins than other things because it easily could be mismarked.

Mr. STACK. First of all, I agree with you 100 percent. The public perceives it as a product. However, when the government and all literature does consider them heirlooms, they consider them a piece of history, they use the words "limited edition." I mean, any of these words imply, if not suggest, that there is a value there.

They are also selling a piece of money. The money itself never loses its integrity. The half dollar is still a half a dollar if you were to spend it, and the dollar is still a dollar if you want to spend it. It is not like a T-shirt that when it wears out, you throw it away, unless we want to monetize the coin, which I have never heard of.

But what I am maintaining here is that the private—I happen to have been involved personally because I was in business already with the Iowa Commemorative, which was 1946, and the Booker T. Washington series, which came out, three coins each struck from 1946 to 1951, and in 1951 they came out with a secondary issue, which was the Washington Carver issues, and what happened was they just asked for too many issues. In other words, nobody wanted so many repeat issues.

They made 4 years of Washington Carver; 6 years of Booker T. Washington. If they would have changed the subject, they would have had successful sales. What they have promised I can't be responsible for, nor can Mr. Diehl be responsible for. They could do 1 year at a time. So I think there is a different—Mr. Diehl and myself have a different approach to the same problem.

Chairman CASTLE. Mr. Ganz wants to say something, I hope briefly, because I am sure Congresswoman Kelly probably has other questions.

Mr. GANZ. I will be very brief, Mr. Chairman. The American Numismatic Association has had a position—

Chairman CASTLE. Could you use a microphone, please?

Mr. GANZ. The American Numismatic Association has had a position on having private enterprise doing the selling on the primary basis of commemorative coins for more than 50 years. We have consistently opposed it.

The chairman of this full committee, Chairman Cochran, in 1939, issued a very definitive report during the 76th Congress detailing exactly what the abuses were and exactly why it had to be done by the Mint and not by private enterprise. The Association maintains that position today.

Chairman CASTLE. Thank you.

Congresswoman Kelly.

Mrs. KELLY. I just simply want to say, Mr. Diehl, that it is interesting to me that you are willing to sit here and say that this is a hobby, that these are commemoratives, souvenirs. Basically what you are saying is the U.S. Mint is publishing commemoratives, just like Mr. Stark is saying, T-shirt types of souvenirs.

These are high-priced souvenirs essentially and people need to be aware that when they invest in these commemorative coins, they are not going to get the value for their money. They may not. And if Mr. Stark's chart is correct, it looks as though they probably will not.

I would like to go back to this. I don't know when you are going to call this vote, but I don't want to keep us from the floor, but I would like to come back to this if possible.

Chairman CASTLE. We will break here and we have 2 or 3 more minutes, we wanted to go further here. And Mr. Lucas has questions and I would like to get to him as soon as we can.

Mrs. KELLY. I just would like to ask Mr. Stack what he thinks about the Mint's merchandising techniques along the lines that I just brought up.

Mr. STACK. I just feel it is a very slick type advertising. They are using very good promotional means and they are going down right to the public and not only to collectors.

They are not just proposing history. They are going down to the public where they—in newspaper ads you see them. You see them as inserts in magazines. I think that they have wonderful promotion. I think private companies would love to have their advertising agencies sometimes promote a government-endorsed product and they put the seal in there.

Now, there was a case, a case I would like to bring up quickly. There was a case of somebody selling another Mint product, which was the \$10 gold piece which is made in the gold series, eagle series, and they advertised with the Mint seal on it. They said they were this new Mint gold coin.

The Treasury Department—we filed a complaint immediately. The Treasury Department, the Postal Service, everybody else, closed the guy down right away because you can't put the seal on it because it implies integrity.

Chairman CASTLE. Based on the opinion polls I have seen of the government, I am surprised that any government-endorsed product would sell so well. I am a little surprised to hear you say that.

I think we should break. I apologize, unfortunately, we are voting constantly.

If you could stay with us a little bit longer, there are still some more questions. I have a few more. We will try to wrap it up as quickly as we can.

Thank you.

[Recess.]

Chairman CASTLE. OK, again, I am sorry for the interruptions.

We do need to keep pressing because God only knows when the next one will be. Probably momentarily, and Congresswoman Kelly may have more questions. But I would like to turn it Congressman Lucas at this time, if I may.

Mr. LUCAS. Thank you, Mr. Chairman, and I appreciate the time and I point out to the very esteemed panel here, I have only been a Member of this subcommittee for a matter of months, so if I ask some rather simplistic questions, please bear with me.

First, to the esteemed Director of the Mint, could you tell me for just a little bit, since the primary function of the Mint is to produce coins, to promote commerce and those kinds of things, tell me about your capacity situation and how this commemorative coinage fits into that. I realize from what I have read you are running at 99 percent or something like that.

Mr. DIEHL. Yes. We are running at very high capacity right now in the production of circulating coinage. Last year, we produced

19.4 billion circulating coins, the second highest in our 202-year history.

This year, we will approach or perhaps even surpass that level, and we may well repeat the same levels next year. So we are struggling to keep up with demand, especially seasonal demand, peak seasonal demand during certain times of the year, this being one of them. So that is a challenge.

However, the production technologies we use to produce circulating coins is a very different technology from what we use to produce commemorative coins. It is a very different line of business, with a very different technology, and in fact, in some cases, we produce the circulating coins in totally different facilities, facilities that we really could not use to produce circulating coins. So it is sort of an apples and oranges situation.

Mr. LUCAS. So you go to the root of my next question, probably a majority being 1-cent pieces literally of what you produce, but at that higher rate, that 19 billion, you are satisfying commerce's request for circulating coinage?

Mr. DIEHL. Well, the Federal Reserve Bank is our customer, our single customer for all circulating coins, and last year, we had to restrain and manage their demand for pennies. We were able to meet their demands for nickels, dimes and quarters, which are really the workhorses of American coinage, but we had to manage demand for pennies in order to free up production technology and manpower to concentrate on the larger denominations. We are doing some of that now this summer, not as much as we did last summer, but managing that demand and working very closely with the regional banks of the Federal Reserve, we have been able to meet their needs up to this point.

Mr. LUCAS. Thank you.

Turn to you, Mr. Stack, and I would ask you first and, of course, anyone else who would offer any insights into this. Tell me about—with your institutional history, tell me about the period of 1954, 1955 when that apparently first, I guess you would almost call it, era of commemorative coinage came to an end. Was that an action of Congress? Was that the executive branch?

Mr. STACK. We believe it was an act of Congress. It just stopped. A six-year issue from 1946 to 1951 of the Booker T. Washington commemorative, three issues, three different mints were issuing them. Then they came out with 1954. The sales started diminishing in 1952, and whether Congress authorized it or the Commission got the orders, they kept ordering 1953, 1954 and that is when a lot of the problems seemed to develop and bad publicity seemed to develop.

But first they held them back; then they released a whole bunch of them. So it was maybe better internal management but I don't think you can blame the whole commemorative program on one group of commemorative coins. I have never heard a comment against the Iowa 1946, and most of the Booker T. Washington-Carvers, we have none. I believe it started—otherwise Congress would not have authorized a 1951 issue of Booker T. Washington, Washington Carver coins, if the Booker T. Washington series was a problem before. I believe it would have stopped earlier.

Something happened between 1951 and 1954. It was my early years in the business. I started in 1947. To give you the exact history, we would have to look it up for you.

Mr. GANZ. Mr. Lucas, if I could be quickly responsive. Starting about 1929, there were a series of Presidential vetoes, in the Hoover Administration and into the Roosevelt, Truman and Eisenhower Administrations of a number of different commemorative coin bills for many, many different topics that Congress had in fact passed.

President Truman, in the 1940's, indicated that with the—first the Iowa coin and then the Booker T. Washington and Washington Carver, that these would be the last issues that he would approve as President, and President Eisenhower, after that issued a veto for a commemorative for New York City, and by that time it was fairly locked in stone, and this is all detailed actually in the subcommittee's files going back to hearings in 1963 for the predecessor to this subcommittee.

Mr. LUCAS. Thank you.

And I only have a couple more questions left, Mr. Chairman, and I would address this one to anyone on the panel who would care to respond.

Is there any system in the world among other governments that functions similar to ours? Does anybody else do it this way?

Mr. DIEHL. I haven't been able to find one. I think this is unique among the ways in which coin programs are run by my fellow Mint Directors around the world. Typically in the best run mints, the decisions to issue commemoratives are exercised by the Minister of Finance, the equivalent of the Secretary of Treasury, and they respond to marketing recommendations that have come up through the chain of command, either through the Central Bank or from the Mint. I am not entirely sure, but I think in some cases they are used as fund-raising mechanisms for private organizations.

But I think that is the exception rather than rule. I don't think we are unique in that respect. But the degree to which the fund-raising potential of these coins drives the authorization process here in the United States is unique. I don't think anybody else does it like this.

Mr. LUCAS. Mr. Stahl.

Mr. STAHL. In at least some other countries, commemorative coins are actual coins, that is, they do circulate. They are not just made as souvenirs.

Mr. LUCAS. And one last question, and I think I would direct that to the whole panel and especially those of you involved in the industry or hobby, depending on which side of the counter you might be on. Obviously, we have a system here that is driven by the funds that are raised from these coins. I suppose the more idealistic view of what coins should be, I would think, are more than artistic outlet, an opportunity to preserve our history.

Just from each of you going down the row, if you would care to respond, which do you view the optimum intent for this kind of a program to be if we have a program? Should it be as it appears to have been off and on for the last—since the turn of the century, a way to raise a fast buck or should this be an opportunity to promote our artistic talents in this country.

Ms. DEISHER. Actually, I think we can have a little bit of both. The commemorative coin speaks to the American people. Unfortunately, most of the American people are not aware of our commemorative programs. That is why you hear us talking about a circulating commemorative.

There could be collector versions of a general circulating coin from the copper nickel. The fact that now this program has been tapped for fund-raising has created a blemish in the mind of our core market, but I think that situation can be turned around.

One of the things I would like to point out, this was brought into the discussion early on by a couple of Members of the subcommittee, is always you have to be aware of the primary market for this product, and it has been a shrinking market over the last few years.

To make the assumption that all people will buy the coins as presently constituted is a very dangerous assumption, and in my written testimony are some charts and graphs that show that dramatically. But I think a move toward the circulating coins could give us—circulating commemorative program could perhaps answer both concerns.

Mr. STAHL. I think there is value in a noncirculating program as well as circulating. I think the important thing is they have got to be special. I think what has happened is people no longer view these things as U.S. coins. They are just commemoratives and they just are part of a lot of other commemoratives, including T-shirts, and what we need is to focus on making them something special again in order to reach the public. And I think for that, one of the things is—what we need to commemorate is events and people of truly national importance and to revitalize the Mint's medal program to deal with special interest commemorations which I think are properly what a medal should be commemorating.

Mr. STACK. I would like to answer the question as a numismatist, as a collector person. If coins did not exist at all through history, the history of the world, many parts of it would have been gone. It seems that we go back to 700 BC when Lydia made its first coins and you had something happening commemorating—they had Olympic games commemorated on Greek coins. The history of the world was preserved because the coin was metal and it survived, rather than paper or some other type of document.

As Dr. Stahl could probably tell you, we would not know where, exactly where Alexander the Great traveled through the Greek islands and around while he conquered were it not for the fact that he struck coins and put a Mint mark on where he was. The Mint mark was, I made it in this city or that city and they were able to trace him that way.

The portraits of kings and queens and rulers and dukes and duchesses are prolific in world coins, and what is happening is that we have been selective in our commemoratives and we should try to make it more historical. Because the history of the United States could be preserved in metal and it could be in coins. And I find that when it starts becoming a—and most of these coins—virtually all these coins were struck for circulation through the centuries, I am going back down to 700 BC. They struck them for circulation, and the coin also told a story. So you got both.

You have a circulating—I also advocate a circulating commemorative. And I spoke to the Commemorative Coins Committee last June about this. I suggested to them that maybe we will start off like Canada, 12 dominions, provinces, we could do the first 13 States and issue new commemorative coins every year or two that would commemorate the other States as they came into the Union, and then cover at least the first 50 States.

It would be historical. It would have information about entering into the Union or this type. It was an idea. It was an idea perpetuating history and giving, let's say, an idea when the State became part of the Union. I don't say that is the answer to the problem, but it is another idea proposed.

Chairman CASTLE. I might say it is a brilliant idea, Mr. Stack. Delaware was the first State.

Mr. STACK. One of the first 13, sir. So there wouldn't be any arguments and no Senator or Congressman would argue against his own State.

Mr. GANZ. Mr. Lucas, to be responsive to your question, I think that I find myself in agreement with my fellow panelists and colleagues that there is a need to have both, both circulating commemorative coinage and that of a more artistic nature, designed primarily for coin collectors. I think that is viable, that it would work, and Mr. Stack's idea for the 13 original Colonies, starting first with Delaware, Mr. Chairman, is a wonderful idea.

Mr. DIEHL. I don't find much here to disagree with. I think we have a consensus that we can pursue goals both of commemorating truly significant events and personalities and at the same time raising funds for appropriate charitable purposes. The problem is that the current system is out of balance, and we need to strike a more reasonable balance. And we need to develop a system of approval of commemoratives that gives coin collectors, who ultimately buy the vast majority of these coins, a much stronger voice in the themes and the designs. To that end, the advisory committee has recommended that the advisory committee itself be given a much stronger role. Rather than act just in an advisory capacity, the committee should be given a stronger role in selecting themes and selecting designs as well.

Mr. LUCAS. If I might, Mr. Diehl, while we were discussing that a couple of thoughts come to my mind sitting here. Reading this stuff obviously in the 1930's and 1940's and 1950's, the 50-cent piece was the vehicle of choice, new commemorative work, and the majority of the time it seems in this modern area of commemoratives, it is the old size, \$1.00 coin.

Is there any appreciable difference in effects on your capacity or on your cost between which vehicle is used when a commemorative is created?

Mr. DIEHL. No. The size difference between a 50-cent piece and a silver dollar really would not have any substantial impact. The only difference would be in the amount of silver that is used, and between a 50-cent piece and a dollar that would represent a very small fraction of cost of producing the coin.

In terms of the cost of marketing, the cost of fabrication, no impact whatsoever. The silver dollar actually is, I think, a better vehicle for commemoratives because it is a larger coin. You can show

more detail on it, and we have had greater success, I think, selling silver dollars than silver half dollars when we have sold those in the past.

Mr. LUCAS. And I will try and make this my final question. The comments and insights from some of your fellow panelists in regard to the potential for a commonly circulating commemorative program, thinking back of course toward the 1975, 1976 Bicentennial program, what effect would that have on your capacity situation? Would we have to create more capacity to do it right, so to speak?

Mr. DIEHL. Yes. In that respect, the production of a circulating commemorative coin would have impact on my ability to meet demand for regular circulating coinage, and that is a concern to me over the short term, because we are struggling to keep up with demand for circulating coinage.

I think the ideal situation would be to give the Secretary of the Treasury discretion as to when we would begin introducing a circulating coin so that as the demand for coin begins to turn down with the business cycle and we begin to have excess capacity at the Mint, then we can move to fill that excess capacity with the production of a circulating coin.

So I would urge that Congress not give us a mandate to produce circulating coin, if you are inclined to give us a mandate at all in that regard, until probably the year after next. But the best situation would be to leave it in the hands of the Secretary of Treasury when to do it.

Mr. LUCAS. Thank you, Mr. Chairman.

Chairman CASTLE. Thank you, Congressman Lucas.

And I don't know, Congresswoman Kelly, if you had more questions, but we would like to go back to you if you do.

Mrs. KELLY. My only question is, and you will have to forgive me, I am a freshman, I am new on this. I don't know a whole lot about it, but a couple of things. One thing that I am concerned about, now, Mr. Diehl, I just am so appreciative of the fact that you too are working to try to find a solution here. I think that is wonderful that you are open to suggestions and—

Mr. DIEHL. Thank you.

Mrs. KELLY. But my concern is that we have people like grandma buying commemorative coins for their grandchildren and saying, now, honey, if you hold on to this it is going to be valuable some day, when in fact it may not. And I just am at a loss at how you would attack that particular problem. Because people buy these with the idea that by holding them over a period of time, they will have an added value, which could be not true.

Are we, the Congress, responsible for how you present these coins when you publish your advertising?

Mr. DIEHL. Let me address that in this way. I believe the basic problem with the expectations about coins is not with the way the Mint presents them and advertises them. I think it is with the product itself.

There is an expectation in the minds of consumers that those products have a reasonable chance of at least holding on to the original value. Talking to my customers and looking at the polling results that I discussed earlier in my prepared testimony, it is very clear that our customers on the whole, the vast majority of them,



don't expect to make a lot of money on these programs, but they are also sorely disappointed when they discover that their coin collection is worth one-third or one-half of what they paid.

They typically are not inclined to sell off their collections for their own purposes. They want to give them away as a legacy to their children or their grandchildren, and quite frankly, they don't want to look foolish for having spent \$9,000 or \$15,000 on a collection that ends up being worth \$5,000 or \$7,000.

So it is in the nature of the product itself where these expectations come in. It is not an expectation that is fed by Mint advertising.

Now, the question is, how do you attack the problem? Do you lower the expectations through advertising or do you fix the underlying reasons why these products are not holding their value?

I think the answer is the latter. The reason these products are not holding their value is exactly the same reasons why we are here today: we are approving too many coins, too many programs of secondary interest to coin collectors, because what's driving the approval of these programs is not the intrinsic value of the commemoration, but the fund-raising value of the coin.

Mrs. KELLY. Anybody else care to address that?

Mr. Stack.

Mr. STACK. Well, how else would you approach it? When there was a problem with smoking, the attorney—Surgeon General said, put a warning on the pack of cigarettes and go out and buy it if you want. Nobody says you shouldn't buy it.

I don't believe that the Mint would put a notice on that there was excess surcharge put on this coin and therefore don't expect to have a growth of the thing, but it might be the answer, put a caveat on. I am not saying that I would like to see it, but that is what it is going to. It is going to something where people get the implied idea.

Now, I can tell you this. You know, the Commemorative program started in 1982. If you would look at the coin history—the markets in 1979, 1980, 1981, they had skyrocketed. Our markets have really skyrocketed. There was a flee to tangibles.

Around the time that the Hunts decided to make the silver \$50 and gold followed it up to \$850 and much lower levels. It was shortly after the time that you had a couple of oil scares, where the oil people were going to rule the world and people were fleeing to tangibles, and coins are one of the things people went to. The Mint all of a sudden made a product and everybody told you that was going to go up.

Unfortunately, it has not and I find that is the problem, that there has to be a change in how it is presented to the public, that the grandmother that came into my place didn't expect to make money or even get even. She said, in putting away for something historical for the children to have, that they remember this happening or that happening. That is what I would like to see happen.

If I may, Mr. Chairman.

Chairman CASTLE. Please go rapidly.

Mr. STACK. Mr. Diehl made—in his prepared statement, said that the information about the gain of the product was incorrectly quoted. As I said in my prepared statement, I was only able to get



information through 1993. I have in front of me a report from the Department of the Treasury, dated November 24th, 1993, is where I got my numbers, and that is where I found out that \$121 million worth of profit went to the General Fund. I didn't say that the Mint took it, put it in their pockets or somebody ran away with it, but there was an additional \$121 million made, and this is the Treasury Department's own literature. I didn't make these up. I will tell you, it took me 4 months to get the information. It was pretty hard to get it from the government.

Mrs. KELLY. Thank you.

Chairman CASTLE. You, I think, wanted to say something. I didn't mean to scare you off by—

Ms. DEISHER. May I quickly respond to Congressman Kelly's question?

There is a very basic understanding that we must all focus on. The reason the prices are going down is there are fewer buyers. The buyers are discouraged because of the proliferation and because of the excessive numbers.

The buyers are collectors who want to complete sets. If we have more people participating, the values would hold up. But Mr. Stack's case, the grandmother came in to him to sell him the coin. There are fewer buyers, so therefore, the price is going lower, and the whole focus of this hearing hopefully will address that, because there is a chart that I shared in my written testimony and that is very, very disturbing to anybody who participates in this marketplace.

Chairman CASTLE. Thank you.

Thank you, Congresswoman.

Mr. Diehl, I would like to—did you want to respond to all of that? Very briefly, sir. We don't want an argument here.

Mr. DIEHL. Let me say one thing about the suggestion that a warning be placed on advertising about the future value of these products. I think that is an untenable position to put the U.S. Mint and U.S. Treasury Department in, where Congress mandates us to sell a product and also to place a warning about the value of that product. Before we were to do something like that, I would urge the Secretary of the Treasury to oppose any future commemorative coin programs.

Chairman CASTLE. But I think, isn't it fair to say that maybe we as Members of Congress who become advocates for certain groups, and dealing with you as head of the Mint and the Treasury Department, should exercise whatever abundant caution there is? We shouldn't be so zealous in our efforts to market these things that we are sort of overmarketing them. It is a good warning I think that we need to look at it all.

Mr. DIEHL. That is completely appropriate advice, and it is a completely appropriate mandate for us to exercise caution in raising expectations. My objection is to Mr. Stack's recommendation, suggestion, whether it is serious or not, to put a warning on our advertisements and our products.

Chairman CASTLE. Let me ask a couple quick questions. The first one you are not going to want to touch with a 10-foot pole. I am just curious, it is sort of off this. Should we eliminate the penny?

And I will tell you one reason I ask. We were doing the dollar coin polls and I asked, should we eliminate the penny? It was about 95 in favor in a Lion's club and a senior citizens group. And I realize that is a huge capacity issue, a huge cost issue, tremendous State issue, with sales tax and everything else.

I didn't know whether you had ever opined on this. As Director of the Mint, you probably don't want to here, but I just wanted to ask you.

Mr. DIEHL. If you will allow me, I will approach that issue with two 10-foot poles. I will give you on the one hand and then on the other.

First of all, the Treasury Department does not—and the Administration does not—have a position on the elimination of the penny. But in my informal, unscientific polls of parties at public events and such, I have also found considerable support for eliminating the penny because it is considered a nuisance coin.

The fact of the matter is, there is no financial imperative or even strong reason for eliminating the penny. The penny is a profit-maker for the Federal Government, not a big one, but it is a profit-maker. We have a profit margin of between about 20 and 25 percent on the production of the penny, so we actually create seigniorage that goes into reducing the cost of financing the Federal debt. So until the penny becomes a net loser, there is no financial reason for eliminating it.

On the other hand, about 70 percent of our annual production of coins is pennies. Last year, it was about 13.6 billion coins, and we don't produce pennies for our health. We produce pennies because the Federal Reserve orders them, and they would have ordered more than 13.6 billion of them if we had not managed demand. So there is very clear demand in the marketplace for pennies.

But I think the truth of the matter is that the penny has become a disposal product. If you drop it on the street, you pick it up out of habit or superstition, not because of its intrinsic value. At more and more stores, you see the ubiquitous penny cup where customers can choose whether or not to take the pennies.

I think it is a good question, whether the penny continues to have a role in American currency. If it doesn't have a role, I don't think there is any reason in terms of finance or other type of reason to continue producing it.

I will say this: I think my coin collectors have a sentimental attachment to the penny, and so you may find a very different reaction if you were to poll people at a party of coin collectors or convention of coin collectors than if you did the general public.

Also, what we have found is that people in Illinois have a very distinct attachment to the penny. It is the site of our commemoration of President Lincoln and the Lincoln Memorial, so inevitably you run into a cross current.

Chairman CASTLE. Yes, I have learned this about coins. They all seem to have a constituency, just like Delaware will become the first State issue.

I will say, though, at some point I think the public will—is important in all this. Pennies have become a real inconvenience to everybody. I think that outweighs the relatively small amount of money that the Mint engendered for the government and even the

collectors' interests. I think it is getting to the point where its nuisance value is at least to be questioned.

I am going to ask you this question, Mr. Ganz. I think everybody has now mentioned it. You mentioned it first, I think. I am going to keep this as brief as possible.

If everyone wants to follow-up, follow-up in 15 seconds. I may not be using the correct expression, but a circulating commemorative coin has been used here, which to me would be a silver coin, a 50-cent piece which would be in the form of a commemorative circumstance, issued, I guess, at face value, which we would all have access to. It has been cited here some other states, Canada, have done it to much greater extents.

Would this be in lieu of the commemorative coins we presently do, or in addition to it, or how would that work? I mean, to me—I mean, there is an argument that we change stamps regularly. We have Elvis stamps and Marilyn Monroe stamps being talked about, if not issued, and we don't do much with the coins. I am not sure how all of that fits into the commemorative coin programs. If you can do it briefly. I know it is a complex question.

Mr. GANZ. I will try and be brief, Mr. Chairman.

Commemorative coins and circulating commemorative coins actually have a long history in the United States. Back in 1931, Congress decided that the 200th anniversary of the birth of George Washington merited commemorative commemoration, and the actual law says that there was a Washington coin to do that. The Washington quarter was the very first of the modern circulating commemorative coins.

The Bicentennial coin in 1975 and 1976 is another example, and Mrs. Stefanelli who is on the Citizens Advisory Committee, and not able to be with us today, was on the design panel at that time in order to try and create a coin that was specifically designed to commemorate 200 years of freedom.

It is circulated. It was in pocket change. But there was also a collector's version that was available in silver, because Congress mandated it that way, and also in uncirculated as well as a proof version.

So this would really be in addition to a scaled-down version of the programs that are existing right now. It would not take surcharges away from the organizations. But with respect to the production of these coins, the—there would be no surcharge. It would strictly be the seigniorage, which is still actually a very substantial profit, that would accrue to the General Fund.

Chairman CASTLE. So there is a balance. You take each of them into consideration when you do it; is that correct?

Mr. GANZ. Yes, Mr. Chairman.

Chairman CASTLE. Back to you, Mr. Diehl.

Is the Citizens Advisory Committee working well or should we make changes in it? This report seems to be comprehensive, but I don't know enough about it to say it is an excellent or fair or good report. You have some of the members here.

What are the views of that at this point?

Mr. DIEHL. I think the committee is working well within the constraints that it faces, and the chief constraint it faces is that it has really no authority. It is an advisory body altogether, advisory to

the Secretary of the Treasury, especially on coin designs, and I think we have seen—as I have outlined—some very important accomplishments of the advisory committee. Among those is the improvement of the designs of the commemorative coins that have been approved since the committee was created.

On the matter of sorting out the problems in the commemorative coin business, the jury is out. We have come forward with recommendations that are an attempt to balance both the interests of the numismatists whom we represent and the political realities of getting any package like this through Congress, given the inevitable interest of many Members of Congress and individual pro-coin programs.

Whether we struck the right balance, I have no idea at this point, but I think this represents a reasonable attempt to strike those balances. And as we discussed earlier, I think there are probably several appropriate answers to the question of how to fix the program.

Chairman CASTLE. Another very off-the-wall question, Dr. Stahl, for you. Can you specify for us a coin that you think is of particularly outstanding artistic merit, being worldwide or in the United States, and why, very briefly?

It is unfair. We had all the dollar coins here for a hearing we had earlier. I thought the Greek dollar coin was a rather interesting coin, for example, but—

Mr. STAHL. Well, I guess I can just say that among the current series of commemoratives, the first few had some very good coins in them. The George Washington on horseback, it is very hard to do a person on horseback in a facing portrait, and it came off very nice, and the gold Statue of Liberty commemorative.

Chairman CASTLE. Do the coins sell because of the artwork, in your opinion?

Mr. STAHL. I think they do. I think—except for those people who have to fill in every hole in their little book and have everything issued, they do make a choice, and if they don't like the looks of a coin, they won't buy it.

Chairman CASTLE. Is there an actual boycott of coin programs going on now? I mean, we know that there is a slowdown here in 1993 and 1994, or is it an economic question, people can't afford to buy all the coins that are being issued?

Mr. GANZ. I am going to jump in and try and answer that if I can, Mr. Chairman.

I think it is a combination of two different things: People use discretionary income to buy coins. Nobody has to buy a coin. And as you look at the overall number of coins that have been added to the package, in 1995, for example, you are spending thousands of dollars in order to do it.

The surveys of the American Numismatic Association suggests that our Members spend on average about \$2,000 a year buying coins, and that is not only new issues, but also older issues. So they are now faced with the critical choice of not being able to acquire each of them. And as Ms. Deisher suggested, both in her oral presentation and in her written charts, they are making an election to stop collecting coins entirely.

Chairman CASTLE. I never asked the question I was going to start with, and I don't think I am going to because of both time and because it is perhaps too complex to answer, which is simply, what is—what we agree to is the problem, what do we agree to as the solutions. I think it actually is in your various answers in one way or another.

To me, there seems to be agreement here that there certainly is a problem and that Congress has mandated too many commemorative coin programs, it is taxing the Mint, it is taxing the collectors in terms of their ability to purchase these. It may actually be costing the taxpayers money.

The winners are obviously the groups which are able to come down here and lobby for and achieve success in having their particular coin approved, because they have absolutely no risk whatsoever and virtually everybody else is a potential loser, the groups that don't get it, the collectors are, if they are overburdened with collecting, and the Mint is, which ultimately is the taxpayers of this country. So clearly we need to address it in some way.

Nobody seems to be able to derive an opinion here at least as to who should do this, and certainly I wouldn't want to be that Solomon-like person who would have to do it, but it should be some sort of a fair standard system, I think recognizing a lot of the criteria which you have talked about here today, in terms of when they are issued, for what organizations they are issued, the artistic work that goes into them, or whatever it may be.

But I think that we should take this under our wing and continue to look at it. There seems to be, I think, also a common agreement that we just cannot continue to go in the direction that we are going, and hopefully we can get word out to other Members of Congress that we are not in a very good situation to be just doing this, coming in the back door. It is not helpful to the future of this country.

I particularly get concerned when I think these programs are actually costing the taxpayers money. I think I also gleaned a great deal of other information from this hearing which we will try to review and see what legislation, if any, we should come up with.

So let me, rather than try to go through a definition of what this is, let me see if Congressman Lucas has anything further for any of you.

Mr. LUCAS. No, Mr. Chairman.

Chairman CASTLE. And let me see if anyone here has something that has not been said or needs to be restated before we close. Because I want this to be as definitive as we make it when we go back and review our notes, and even if we have further questions to send to you by mail, that we have all the answers that are needed to try and review this program and determine where we are going.

We have 5 minutes.

Mr. DIEHL. This will take about 30 seconds.

Questions were raised in Mr. Stack's testimony about whether the Mint has the right to make a profit. In fact, he stated the Mint has never been given congressional authority to make a profit on these programs. I anticipated that claim because I have heard it from Mr. Stack before.

I have attached Exhibit 9, which cites specific congressional authority that gives the Treasury Department authority to make a profit on these programs and other authority, as well, beyond specific legislation, but I just want to point that out to you.

Chairman CASTLE. Thank you.

Mr. Stack.

Mr. STACK. In response to that, if the mandate is there, I don't think the mandate said how much to make and I think that should be possibly limited. We do one against the other.

I am not saying that—look, I never advocated that we should give away \$42 gold for \$42. If it is \$380 today, that is what you sell it for, if you went out in the open market. But I think that the overall price structure, maybe the amount of money put into advertising has to be restated. I don't know. I think there is too much cost to the collector to overcome when he tries to resell it.

Chairman CASTLE. I think the points have been made.

Is there anything else to add?

I know this has perhaps been a little longer than you expected to be here. We appreciate hearing from you. We appreciate the written statements, the attachments you had to your oral testimony here today.

As you know, this is not pursuant to a particular piece of legislation, but we wanted to put the problem on the table and start to address it. I sensed from the beginning of my chairmanship of this committee that there was some inherent problem with all this that we need to look at and hopefully this will help us a great deal to galvanize what we are doing and come up with solutions.

So thank you very, very much for your time today.

We stand adjourned.

[Whereupon, at 1:35 p.m., the hearing was adjourned.]

# A P P E N D I X

July 12, 1995

Opening Statement of Chairman Michael N. Castle

Subcommittee on Domestic and International Monetary Policy

Commemorative Coin Hearing - July 12, 1995

Since the U.S. Mint resumed its Commemorative Coin Program in 1982 after a 28 year hiatus, interest groups supported by Congress have progressively expanded that program both in numbers of coins and mintage levels beyond the ability of collectors to absorb these issues. Organizations have learned how they can put a government agency and government factories to work for their cause, with no risk or investment. The generous surcharges awarded to the beneficiary organizations have led more and more to use this route to painless funding of their cause. All of these coins in rapid succession and especially in ever greater mintages with little or no intrinsic numismatic interest have combined to glut the market. The failure of recent issues to cover their costs to the Treasury threaten to leave the taxpayer holding the bag. In the case of the World Cup Soccer Commemorative Coin that bag has a price tag for the taxpayer in the millions of dollars, while World Cup USA paid its executives \$7.7 million dollars in deferred salary and bonuses.

As a result of such problems, the Commemorative Coin Program of the U.S. Mint has reached a parlous state. This situation has historical precedent. In the past, when Congress has been unable to restrain its impulse to commemorate personages and events of interest to constituents, the market for these products has become saturated and production has ceased. Recently, there has been a precipitous fall-off in collector support as numbers of programs have mounted and mintage levels have soared.

Historically, 90 percent of the commemorative market has been composed of numismatic collectors. It is to this rather narrow group of hobbyists that one organization after another,



abetted by their Congressional sponsors, has turned for funding of their respective projects.

The coins are purchased not by individuals who freely elect to pay the substantial surcharges in support of the various causes who will benefit, but by hobbyists and in some cases investors, who have been courted by their government and induced to pursue collections of commemorative coins. These collections have been undermined and cheapened by the proliferation of issues that have produced the beginnings of a movement to boycott future issues. This is understandable since an Elvis "collector" plate ordered out of the Sunday comic section is likely to retain its investment value about as well as a recent proof set of commemoratives from the United States Mint.

More programs were enacted by Congress last year than had been enacted over the previous six years combined. Since 1986, Mint annual commemorative coin sales have fallen by 80 percent. For the period 1995-1998, Congress has already enacted six programs, for a total of 23.55 million coins. One program alone, the Atlanta Olympic Games Commemoratives, calls for the production of 17.95 million coins. Already in the 104th Congress, nine additional House bills have been introduced that would mandate the minting of an additional 7.35 million coins during the 1995-2001 period for 13 new programs. Most of these coins, 6.55 million, would be minted between 1995 and 1997.

In 1994, sponsoring organizations received more than \$23.3 million in surcharges, while the Mint/taxpayer experienced a net loss of about \$3.5 million. The revenue generated through commemoratives in 1994 did not cover all of the Mint's overhead expenses, largely due to the poor selling performance of the World Cup Soccer coins. Only 1.5 of the 10.75 million coins authorized by Congress were ever sold. Still, sponsoring organizations can receive the entire surcharge on every coin sold, even though the Mint loses millions of dollars.

The commemorative programs mandated by Congress have become raids on the purses of

those collectors who purchase the coins. They thereby support the various non-profit beneficiary organizations, even though they are denied tax deductions that a direct donation would earn. No one can claim that the causes benefited to date by coin programs are the most worthy or even the most needy, they simply have had the most influence. It is unseemly to have government factories and personnel put to work for the exclusive benefit of a narrow group of politically endorsed private interests. To make matters worse, these groups share none of the risk, undertake none of the marketing and distribution costs and receive their surcharges from the first coin sold. Nevertheless, every coin bill states that manufacture and sale of a commemorative coin "shall not result in any net cost to the Federal Government."

Public Law 102-390 established the Citizens Commemorative Coin Advisory Committee (CCCAC) to designate the topics the Committee recommends be commemorated during the five year period succeeding the year in which such designation is made. In its first report (1994), the CCCAC indicated its support of a 1993 Sense of Congress Resolution requesting the Senate and House Banking Committees not to report or otherwise clear for consideration by the House or Senate, legislation providing for more than two commemorative coin programs for any year. Notwithstanding this endorsement, the committee recommends acceptance of an average of four or more programs for each of the next several years. This could be a recipe for disaster. It also would reflect badly upon the responsibility of Congress.

We are here today to review the entire commemorative program. It may be that radical measures must be taken to preserve the taxpayer from risk in a program that is heading out of control. If that is determined to be the case, this Congress will need to take the action necessary to rectify this situation. Above all, we were elected to preserve the taxpayers' interest above all.

TESTIMONY OF BETH DEISHER, EDITOR, COIN WORLD  
 before the HOUSE BANKING  
 SUBCOMMITTEE ON DOMESTIC AND INTERNATIONAL MONETARY POLICY  
 HEARING REGARDING THE U.S. COMMEMORATIVE COIN PROGRAM  
 July 12, 1995

Mr. Chairman, my name is Beth Deisher. I am editor of COIN WORLD, the largest and most widely circulated weekly publication serving collectors of coins, medals, paper money, and any objects once used as money. I would like to thank you and the Subcommittee for inviting me to testify today.

The concerns I raise before you are those of the vast majority of U.S. collectors interested in the modern U.S. commemorative coin program. In preparing this testimony, I consulted with my colleagues in the publishing field -- editors and publishers of other weekly and monthly periodicals serving collectors of U.S. coins. We find that our customer readers are generally expressing the same opinions, whether it be through Letters to the Editor, Guest Commentary, Viewpoint, conversations at coin shows, or individual telephone conversations.

It is important to understand that our primary readers are the U.S. Mint's core customers -- the same customers who have purchased approximately 90 percent of all of the commemorative coins sold by the U.S. Mint since the striking of U.S. commemoratives resumed in 1982. Thus our customers are the primary buyers of the products (coins) that you (Congress) authorize and order the U.S. Mint to manufacture and market.

So what are OUR/YOUR customers telling us?

\*There are too many commemorative coin programs.

\*There are too many commemorative coins being produced.

\*The surcharges are an unfair form of taxation and serve only as an incentive for special-interest/non-profit groups to tap -- tax free -- funds they would unlikely be able to obtain through the appropriations/budget process.

\*The increasing proliferation of commemoratives and increasing expense of collecting U.S. commemoratives is frustrating to the point that many are saying, "That's it. I quit!"

The first step in addressing the frustrations of OUR/YOUR customers is to understand WHY he/she is YOUR customer.

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A coin collector is a hobbyist. He/she often will select a particular series or type of coins to collect. The historical importance of the coins, their designs, their affordability, and their availability are prime considerations in deciding to begin a collection and what will be included. Coin collectors are goal oriented. Once they select a series and begin collecting, the overriding goal is to complete the set.

The commemorative coin collector is the U.S. Mint/Congress' customer because the U.S. Mint is the ONLY source of new U.S. commemorative coins. Only Congress has the authority to authorize a new coin. And only the U.S. Mint is legally empowered to strike and initially offer for sale U.S. commemorative coins. In other words, the U.S. Mint enjoys a monopoly status. It has no competitor in product or pricing. The U.S. Mint determines availability and purchasing options. And the U.S. Mint decides when it will deliver its product. It is not subject to the Federal Trade Commission's Mail Order-Telephone 30-day delivery rule (as are other entities doing businesses in the United States). Thus, collectors are often required to pay for their U.S. commemorative coins in cash and accept delivery three to six months or even a year later.

Although there are various approaches to collecting the modern U.S. Commemorative series, the three most prevalent are:

1. Collecting a specimen, by date and Mint mark, of each coin issued, including Proof and Uncirculated versions.
2. Collecting a specimen, by date and Mint mark, of all silver and copper-nickel coins issued, including Proof and Uncirculated versions.
3. Collecting a specimen, by date and Mint mark, of all gold coins issued, including Proof and Uncirculated.

If U.S. Mint officials or members of Congress were to spend time talking to OUR/YOUR customers who have faithfully purchased commemorative coins offered since 1982, you would quickly find out that once a set is begun, most collectors have a very strong compulsion to complete their set. If they had a choice, most would collect all coins issued in the series. But they have to be realistic. When and if the prices and numbers of coins to keep their sets complete approach the upper limits of the money they reserve for this portion of their hobby, they face the prospect of trimming back to a subset of the complete set or abandoning their goal of a complete set.

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Currently, the faithful collector who has purchased one of every modern commemorative issued since 1982 would have 127 coins in his/her collection. (Actually he may have paid for all but may be awaiting delivery of 28 to 32 coins in the 1995-96 Olympic set.) If he purchased from the Mint at the most advantageous price possible at time of issue, our collector has paid the U.S. Mint \$9,715 for the privilege of owning a complete set and continuing his hobby.

Please refer to the chart below, which shows the number of commemoratives issued yearly and best pre-issue option available to OUR/YOUR customer.

#### U.S. COMMEMORATIVE COINS

YEAR	NUMBER OF COINS	BEST PRE-ISSUE OPTION
1982	2	\$ 19
1983-84	13	2,039
1986	6	340
1987	4	465
1988	4	510
1989	6	435
1990	2	48
1991	10	547
1992	14	941
1993	12	880
1994	16	715
1995*	40	2,776
TOTAL	127	\$9,715

\*Includes purchase of 32-coin 1995-96 Olympic set

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I call your attention to the first year, 1982. Our collector bought two silver coins for \$19. The next program, the 1983-84 Olympic coins, was legislatively envisioned as a six-coin set (1983 silver dollar in Proof and Uncirculated, a 1984 silver dollar in Proof and Unc., and a \$10 gold coin in Proof and Uncirculated). The U.S. Mint's Olympic Marketing Task Force, in order to spike sales, created seven additional coins by having the Mint strike coins with different Mint Marks. This marketing ploy -- a throwback to the abuses of the 1920s and 1930s rampant in the America's first commemorative series -- caused a backlash in the collecting community. Rep. Frank Annunzio, chairman of the Subcommittee on Consumer Affairs and Coinage, got the message. He made sure the next commemorative bill, the 1986 Statue of Liberty program, carried specific language prohibiting the U.S. Mint from striking more than one design of a commemorative coin at any one Mint facility. That language has been incorporated in each subsequent commemorative bill gaining Congressional approval.

As a result, over the next five years a more reasonable issuing pattern evolved -- one program offering one, two, or three coins in both Proof and Uncirculated with yearly expenditure ranging from a low of \$48 to a high of \$510.

But as the decade of the 1990s approached, it was evident. Non-profit, special-interest groups had discovered commemorative coins, the "new cash-cow," to replace the pork-barrel hand-outs endemic to the ways of political Washington. Consequently, a virtual avalanche of commemorative proposals descended upon Congress. Powerful and politically well-connected lobby groups and those with Senators and Representatives as members of their advisory groups and boards of directors pushed through Congress more and more programs. Our collector, to keep his collection complete, was forced to spend \$547 to buy 10 coins in 1991; \$941 to buy 14 coins in 1992; \$880 to buy 12 coins in 1993, \$715 to buy 16 coins in 1994. And this year? Our collector will have to shell out \$2,776 for 40 coins!

It is any wonder that OUR/YOUR collector customer is bewildered and disillusioned?!

COIN WORLD's 1995 readership study, completed in March 1995, reports that our typical customer reader spent \$1,640 on additions to his numismatic collections in the past 12 months. Does Congress and the U.S. Mint realistically expect collectors to spend all of their hobby funds on U.S. commemoratives in any given year?

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More and more collectors tell us the proliferation of commemorative coins and the expense of continuing to collect is forcing them to re-evaluate their hobby objectives. What they see on the horizon is more of the same, an endless sea of coins. Already Congress has authorized programs mandating the minting of 500,000 silver dollars for each of the years 1996, 1997, 1998 and 2002. Since the 104th Congress convened in January, no less than 21 bills seeking issuance of commemorative coins have been introduced. If all gain approval, the U.S. Mint would be forced to try to sell an additional 12.7 million coins between 1996 and 2001.

Unless Congress quickly and decisively controls the number of commemorative coins being struck and offered for sale in a given year, there is very strong evidence that the collector base for U.S. commemorative coin will soon evaporate.

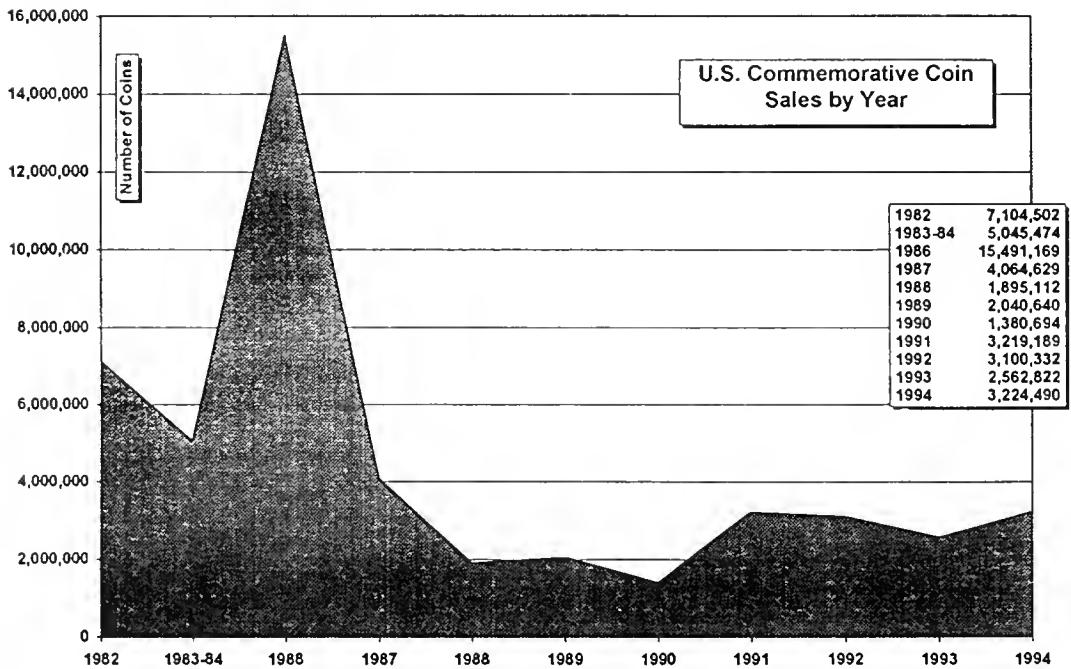
I refer you to the following chart which lists each program beginning with the George Washington commemorative in 1982. It details the number of coins sold and the maximum number of coins authorized for each program.

Commemorative Program	Total Coins Sold	Maximum Authorized Mintage
1982 George Washington	7,104,502	10,000,000
1983-84 Los Angeles Olympic	5,045,474	52,000,000
1986 Statue of Liberty	15,491,169	35,500,000
1987 Constitution	4,064,629	11,000,000
1988 Olympics	1,895,112	11,000,000
1989 Congress	2,040,640	8,000,000
1990 Eisenhower	1,380,694	4,000,000
1991 Mount Rushmore	1,941,419	5,500,000
1991 Korean War Memorial	831,537	1,000,000
1991 USO	446,233	1,000,000
1992 Olympic	1,478,469	10,500,000
1992 White House Bicentennial	498,652	500,000
1992 Columbus Discovery Quincentennial	1,122,211	10,500,000
1993 Bill of Rights/James Madison	1,513,962	2,200,000
1993 World War II (1991-1995)	1,048,860	3,300,000
1994 Thomas Jefferson	599,952	600,000
1994 Soccer World Cup	1,462,744	10,750,000
1994 Women in Military Service	264,437	600,000
1994 Vietnam Veterans Memorial	281,487	500,000
1994 Prisoners of War Memorial	273,024	500,000
1994 U.S. Capitol Bicentennial	342,846	500,000
1995 Civil War Battlefield	691,954 <sup>1</sup>	3,300,000
1995 Special Olympics	155,312 <sup>2</sup>	800,000
1995-96 Atlanta Centennial Olympics	<sup>3</sup>	17,950,000

1. Sales data as of May 25, 1995.  
2. Sales data as of July 6, 1995.  
3. Sales data incomplete as of July 1, 1995.

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Next, we invite you to look at this chart which graphs units of sale by year. In the box to the right are the actual numbers of coins sold yearly. Years in which multiple programs were offered, the total represents all coins sold. If you just look at this chart, you might be lulled into concluding that the market is humming along at approximately 3 million a year. But look again, especially the period from 1987 through 1994.

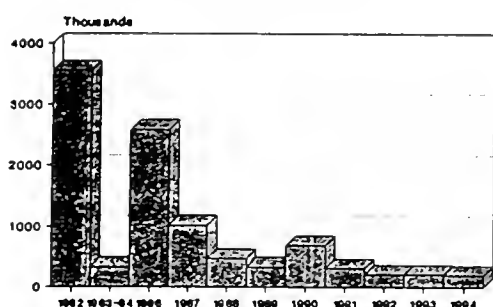




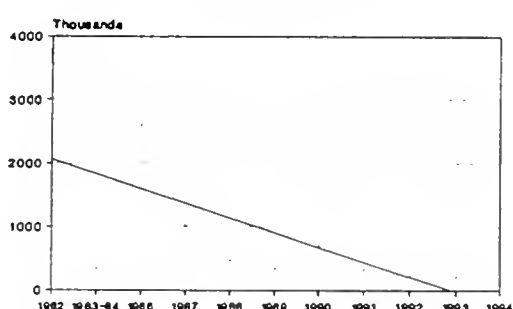
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Using our next chart, we look at the Commem Collector Base, which we determined by dividing the number of coins sold in a given year by the number of coins constituting a complete set available that year. We recognize that not every person bought a complete set each year, but we do know collectors -- the core market for these coins -- would strive to collect a complete set each year. Thus, by applying this formula, we arrive at the Collector Base. These charts show a dramatically declining Collector Base. The chart at upper left is for the years 1982-1994. The chart at lower left focuses on the years 1987-1994. To the right is the Trend Line for the data in each chart.

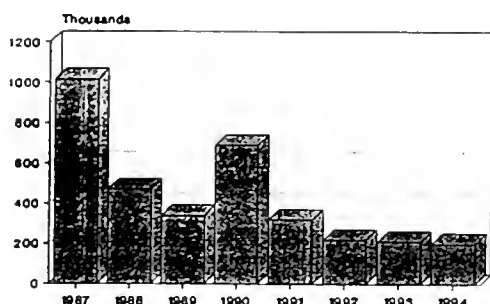
COMMEN COLLECTOR BASE  
1982 thru 1994



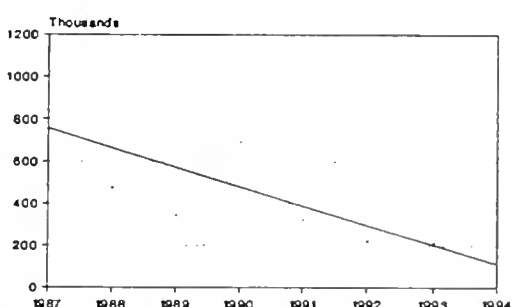
COMMEN COLLECTOR BASE  
1982 thru 1994



COMMEN COLLECTOR BASE  
1987 thru 1994



COMMEN COLLECTOR BASE  
1987 thru 1994



MAXIMUM NUMBER OF COLLECTORS IN COMMEMORATIVE CORE MARKET

1982.....3,552,251  
1983-84..... 338,113  
1986.....2,581,862  
1987.....1,016,157  
1988..... 473,778  
1989..... 340,106

1990..... 690,347  
1991..... 321,919  
1992..... 221,452  
1993..... 213,569  
1994..... 201,531  
1995..... ?

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The trend is unmistakable. Collectors are leaving the modern U.S. commemorative market in droves! The collector base has dropped dramatically from 3.5 million in 1982 to barely 200,000 in 1994.

If you look at the most successful years -- those with the highest collector base -- you will find common success factors: The subjects being commemorated were national in scope, the designs were innovative and aesthetically pleasing, the coins were affordable for most collectors, and the number of coins constituting a complete set was reasonable. The steadily declining collector base signals loud and clear. The marketplace is telling the manufacturer that the products are not meeting the customer's expectations. Over and over again, our Letters to the Editor and communications received from collectors convey the same message: There are too many commemoratives and the average collector can no longer afford or think in terms of keeping his/her collection complete. Also frustrating to a collector is the fact that the secondary market for U.S. commems is very weak to non-existent. If a collector chooses to liquidate, it's difficult to find a buyer and he/she can reasonably expect to receive from 50 to 65 percent of purchase price for an entire set of modern U.S. commemoratives.

The problem of too many commemoratives is rooted in the legislative process and the fact that the U.S. Commemorative Coin Program has evolved into a Welfare Program for non-profit entities who have the ability to flex political muscle. It is the most lucrative fund-raising scheme known today. The organization hires a high-powered lobbyist with good political connections or leans on its politically powerful friends in Congress. Legislation mandating the coin program specifies that surcharges to the tune of from \$2 to \$50 per coin be collected by the U.S. Mint. Once the legislation is signed into law, government employees and government resources are used to manufacture and market the coins. Surcharges are paid directly to the beneficiary organization as the coins are sold.

Our next chart shows the amount of surcharges collected from the sales of U.S. commemorative coins and the entities that received them.

## Surcharges from sales of U.S. Commemoratives

Program	Surcharges In millions	Beneficiary
1983-84 Olympics	\$73.5	U.S. Olympic Committee, LAOOC
1986 Statue of Liberty - Ellis Island	\$83.2	Statue of Liberty-Ellis Island Foundation
1987 Bicentennial of the Constitution	\$52.8	Treasury general fund
1988 Olympics	\$22.9	U.S. Olympic Committee
1989 Bicentennial of Congress	\$14.6	U.S. Capitol Preservation Fund
1990 Eisenhower Centennial	\$9.7	Treasury general fund
1991 United Service Organizations	\$3.1	USO, Treasury general fund
1991 Korean War Memorial	\$5.8	Korean War Veterans Memorial Fund
1991 Mount Rushmore Memorial	\$12.1	Mount Rushmore National Memorial Society
1992 Olympics	\$9.1	U.S. Olympic Committee
1992 White House	\$5.0	White House Endowment Fund
1992 Columbus	\$7.6	Christopher Columbus Fellowship Foundation
1993 Bill of Rights/Madison	\$8.7	J. Madison Memorial Fellowship Trust Fund
1993 World War II	\$7.6	Memorials in Washington, D.C. and Normandy, France
1994 Thomas Jefferson	\$5.0	Thomas Jefferson Memorial Foundation
1994 Soccer World Cup	\$9.3	World Cup Organizing Committee
1994 Women in Military Service	\$2.6	Memorial for women in military service
1994 Vietnam Veterans Memorial	\$2.8	Repair and upkeep of Vietnam War Memorial
1994 Prisoners of War Memorial	\$2.7	National POW Museum
1994 Capitol Bicentennial	\$5.1	U.S. Capitol Preservation Commission
*1995 Civil War Battlefield	\$4.6	Acquisition & preservation of Civil War battlegrounds
**1995 Special Olympic	\$1.5	Special Olympics International
***1995-96 Atlanta Centennial Olympics		USOC/ACOG

\* As of May 25, 1995.

\*\* Sales as of July 5, 1995.

\*\*\* Sales Incomplete.

Between 1983 and May of 1995 purchasers of U.S. commemorative coins have been forced to contribute \$347.8 million in the form of surcharges to the beneficiary organizations. Most collectors view surcharges as an unfair tax. They point out that had they voluntarily contributed directly to the beneficiary organizations they could have received tax deductions. But the surcharge is not viewed by the IRS as a gift and in opinions rendered by the Treasury Department, surcharges are not deemed to be tax deductible.

Surcharges have no relationship to the value of the coin. They are determined solely on the basis of how much money the beneficiary organization thinks it can ring out of the coin buyer. For example, surcharges on silver dollars started out at \$7 per coin, then escalated to \$10. The 1995 Capitol Bicentennial commemorative carried a hefty \$15 surcharge, three times the value of the silver content of the coin!

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During the 10 years that I have been editor of COIN WORLD, representatives from virtually every organization that has remotely contemplated seeking legislation for a commemorative coin program have contacted COIN WORLD. In every instance their primary objective was stated in terms of "We need to raise \$XX million. How many and what type of coins do you think collectors will buy?" These organizations show virtually no concern for the coin collector or the state of the commemorative market. They are "sure" everyone one in the United States is waiting breathlessly to buy "our" coin or coins. And they always point out that their constituency group "will buy lots of coins." History has proven them wrong every time. Coin collectors on the U.S. Mint's Mailing List have purchased approximately 90 percent of all modern commemorative coins sold by the U.S. Mint!

It is quite evident that Surcharges are the Tail That Wags the Commemorative Dog and have been the single-most important factor driving the proliferation of commemorative coins. Congress has shown little ability to "Just Say No." Every non-profit organization presents its "worthy cause" and insists it has a "divine right" to collect surcharges.

For solutions, let us turn to history. First, a little modern history. The first modern commemorative program, honoring the 250th anniversary of the birth of George Washington, carried a surcharge, but not in the form we know it today. The authorizing language specified that the price of the coin be "equal to the cost of minting and distributing the coins (including labor, materials, dies, use of machinery, promotion, and overhead expenses) plus a surcharge of not more than 20 percent of the cost." The surcharge was earmarked "to be used only to reduce the national debt."

Although important, the surcharge was not the driving factor in authorizing the commemorative issue. Honoring an important milestone was the primary objective. But ranking a high second was testing whether coins could be a viable method of selling government silver. The government in the early 1980s possessed huge stockpiles of silver. Efforts to offer large enough quantities of silver in the marketplace to make it practical for the government to initiate a sales effort only served to depress the market. Coins were looked upon as an easy way to sell lots of silver in a way that did not disrupt the bullion marketplace. The Reagan Administration was very perceptive. It quickly grasped the concept that collectors buy and hold silver in the form of coins in their collections. Collectors are typically not speculators. Thus, the Reagan Administration turned back 30 years of government opposition to commemorative coins and went on record as saying a carefully managed program in which the government would received the proceeds would be acceptable.

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Virtually as soon as the ink was dry on the document authorizing the Washington coin program, the U.S. Olympic Committee and the Los Angeles Olympic Committee came to Congress pressing for passage of a mammoth commemorative coin program, replete with "surcharges" to help finance the training of U.S. athletes for the 1983-84 Olympic Games. Congress approved a program, much smaller in scope than the USOC/LAIOC wanted, but it did set a precedent. For the first time surcharges were mandated to be collected and paid directly to the beneficiary (the Olympic committees) as the surcharges were collected. Government audits later proved that only about one-third of the \$73.5 million of the 1983-84 surcharge money was used for training athletes, which the authorizing legislation had mandated. But nonetheless, surcharges quickly gained a permanent foothold in commemorative programs. (It is interesting to note that the Olympic movement in the United States has received more than \$105 million or one-third of all surcharge money and is back for more with its 32-coin program for 1995-96).

The chart below shows that commemorative coins have been an extremely effective way of selling government surplus silver as well as newly mined gold in the United States. Commemorative coins have proven to be quite profitable for the U.S. Mint (government). We had hoped to update this chart, which was published in COIN WORLD in December of 1993. However, approximately one week after requesting the information, I was informed July 5 by a spokesman for the U.S. Mint that "information in this form is no longer available" at the U.S. Mint.

Commemorative coin programs	Total sales revenues	Program operating expenses	Profit on sale of silver	Profit on sale of gold	Surcharges (e)	Profit
G. Washington	\$71.8	\$30.3	\$21.7 (c)	N/A	N/A	\$14.4 (b)
1984 Olympic	\$315.3	\$104.2	\$28.6 (c)	\$98.7	\$73.5	\$10.3
Statue of Liberty	\$290.0	\$120.3	\$23.7 (d)	\$34.2	\$83.2	\$28.6
Constitution	\$256.4	\$68.2	\$14.8 (d)	\$86.0	\$52.8	\$34.6
1988 Olympic	\$111.0	\$45.1	\$6.0 (d)	\$36.1	\$22.9	\$0.9
Congress	\$70.8	\$29.3	\$3.2 (d)	\$17.7	\$14.6	\$6.0
Eisenhower	\$40.0	\$27.3	\$4.1 (d)	N/A	\$9.7	(\$1.1)
Mount Rushmore	\$62.2	\$25.8	\$2.0 (d)	\$12.0	\$12.1	\$10.3
Korean	\$22.5	\$12.7	\$1.6 (d)	N/A	\$5.8	\$2.4
United Service Organizations	\$12.0	\$8.0	\$0.8 (d)	N/A	\$3.1	\$0.1
1992 Olympic (a)	\$46.6	\$24.5	\$1.5 (d)	\$7.9	\$9.1	\$3.6
White House (a)	\$13.3	\$6.4	\$1.0 (d)	N/A	\$5.0	\$0.9
Columbus (a)	\$36.3	\$14.5	\$1.0 (d)	\$7.7	\$7.5	\$5.6
Madison (a)	\$44.4	\$24.0	\$1.8 (d)	\$7.1	\$8.7	\$2.8
World War II (a)	\$28.7	\$13.4	\$0.7 (d)	\$6.0	\$6.9	\$1.7

(a) Estimated (Final financial statements not prepared as of Nov. 23, 1993)  
 (b) Profit numbers reported in the past (\$41.5) included \$14.4 of operating profit plus \$27.1 government profit on sale of silver  
 (c) Represents profit on Treasury silver  
 (d) Represents payments to Defense Logistics Agency  
 (e) 100 percent of Constitution and Eisenhower surcharges deposited to the General Fund; 50 percent of Mount Rushmore and USO surcharges deposited to the General Fund, remaining 50 percent distributed to outside organizations. Remaining programs surcharges distributed to outside organizations

Source: U.S. Mint

Dollar figures given in millions

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Now let us turn to an earlier chapter in commemorative history for instruction. Even though there were some abuses in the programs which produced 154 coins between 1892-1954, they do offer us some insight and suggest a possible remedy to our current predicament. There were NO SURCHARGES then. In all of those programs, Congress authorized the U.S. Mint to strike commemorative coins and set mintage limitations. The U.S. Mint manufactured the coins and sold them at face value to the beneficiary commission or organization. The beneficiary organization was responsible for marketing, and usually sold the coins at double face value, reaping a tidy profit. The salient point here is that the beneficiary organization WORKED for the money it received!

This leads us to propose that Congress seriously consider redirecting the Commemorative Welfare program to a Workfare program!

The first step would be to eliminate the Welfare --- SURCHARGES. The second step would be to provide a work incentive.

It would be unrealistic to expect the U.S. Mint to sell modern commemoratives at face value, because the face value stated on the coin has nothing to do with the real market value of the coin. (Most modern commemoratives are made of silver and gold.) Thus for modern commemoratives, we suggest that the Mint make available to any beneficiary or "constituent group" coins at bulk discount rates, similar to the programs offered to coin dealers in some of the earlier programs. The group would be required to pay cash for any coins bought at discount rates. If the group is successful in selling to its constituency group, then it should reap the profit. Profits on all coins sold by the U.S. Mint to its collector customers on its Mailing List should be returned to the government: a reasonable portion to be retained by the U.S. Mint to maintain and/or replace equipment to keep the Mint at efficient productive capacity and the remainder to be earmarked for the Treasury General Fund for reduction of the national debt.

At such point in time that the national debt becomes a surplus, the money would be available to Congress to fund programs having to do with national purposes, such as maintenance and upkeep of the National Numismatic Collection in the Smithsonian Institution.

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In tandem with eliminating the surcharge, Congress MUST summon the courage to legislatively limit the number of commemorative coin programs and coins that can be produced in any given year. Our suggestion would be a maximum of three programs or subjects to be commemorated in any given year with a maximum of six coins, including Proof and Uncirculated versions. Various combinations would be available, but under no circumstance would we advocate more than six coins being produced in any given year.

We would further urge consideration of instituting a circulating commemorative program, so all the people of the United States could become aware of what and whom our nation may be choosing to honor via depiction on our coinage.

These ideas may seem revolutionary to some. However, there is historical precedence for each and market appeal to each.

The one thing we will predict with certainty is that if Congress chooses to put its head in the proverbial sand and be an ostrich, the commemorative program as it is presently constituted will die because of lack of customer participation.

Sadly, to date Congress has paid little to no attention to former chairmen of this subcommittee when they spoke out about the need to curb the number of commemorative coin programs. Congress promptly forgot its 1993 Sense of Congress Resolution. And Congress virtually ignored Secretary of the Treasury Lloyd Bentsen's 1994 plea, warning of the consequences of proliferation. Even the Citizens Commemorative Coin Advisory Committee, created by Congress, has found it difficult to live by its stated guidelines that there should be no more than two commemorative programs in any given year.

There is an additional concept I would like to address which we believe you should bear in mind as you contemplate the future of commemorative coins in the United States.

Members of Congress commonly send out "Dear Colleague Letters" seeking support for their commemorative coin proposals. Virtually all state that these programs operate at "no net cost to the taxpayer" implying that the proceeds (surcharges and profits) are a free bonanza just waiting to be plucked. Yes, the surcharges are in fact unearned, tax-free money given (with no strings attached) to special-interest groups. But these programs do cost every taxpayer in an indirect way. Government employees and government resources are being required to subsidize these special interest groups. There is no other example in government we are aware of in which the taxpayer is so blatantly being scammed.

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Taxpayers are the ultimate shareholders of the U.S. Mint. Congress serves as its board of directors, with oversight responsibility for the Mint, a manufacturing and marketing entity. To the extent the beneficiary groups are able to commandeer the Mint's resources, including its proprietary customer base, they are unfairly benefiting and may ultimately destroy the Mint's natural markets. When the Mint loses, the taxpayer shareholder/owner loses also.

Commemorative coins have a lineage dating back more than 2,000 years. In the United States commemorative programs, instituted more than 100 years ago, have presented many challenges. We encourage you to learn from past mistakes. It is possible to limit by statute the frequency of the issues and to require them to be national in character. You already have established an advisory committee to recommend appropriate topics and suggest mintage levels. Seek and heed the committee's advice. Most of all listen to and respect OUR/YOUR customers. They cherish the expression of our nation's history and achievement through medallion art. Treat them fairly and they will reward YOU and the U.S. Mint in the marketplace.

Again, thank you for the opportunity to discuss these important concerns. If you have questions, I shall be happy to answer them.



## Beth Deisher

Beth Deisher is editor of COIN WORLD, the world's largest weekly publication in the field of collectible coins, bullion coins, medals, tokens, paper money, and any objects once used as money. She joined COIN WORLD as news editor in 1981 and became executive editor in 1984. In 1985 Ms. Deisher was named editor.

Ms. Deisher was also editor of the 4th and 5th editions of the COIN WORLD ALMANAC, the most authoritative one-volume reference available about U.S. coinage and has supervised updates of COIN COLLECTING MADE EASY, BASIC KNOWLEDGE FOR THE COIN COLLECTOR AND INVESTOR, the 1988 publication of COLLECTOR'S LOG OF U.S. COINS, a record keeper and checklist for organizing one's collection by denomination and type, and COLLECTING MONEY a guidebook for beginning collectors. She served as copy editor for the first edition in 1989 and subsequent yearly editions of COIN WORLD GUIDE TO U.S. COIN PRICES & VALUE TRENDS.

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Subcommittee on Monetary Policy  
House Committee on Banking  
July 12, 1995

Alan M. Stahl  
American Numismatic Society  
New York, NY

Testimony on the Commemorative Coin Program

Mr. Chairman, Members of the Committee:

The revival of the commemorative coin program in 1982 aroused considerable anticipation among coin collectors, artists, and the public in general. Following the successful bicentennial circulating coinage of 1976, and the less successful Anthony dollar a few years later, the commemorative program held the promise of breathing new life into the nation's coinage, which for the most part had been ignored for decades. The events commemorated touched a broad range of shared American identity, from the anniversary of Washington's birth, to the first summer Olympics on our soil in half a century, to the centennial of the Statue of Liberty. Great attention was paid to making the new coins visually exciting, achieved through a coordinated effort of the new Chief Engraver, the Fine Arts Commission, and competitions among artists within and outside the Mint. The public response was enthusiastic, with many people buying sets who had never before collected new Mint issues.

Today the public appears to have lost interest in the commemorative coin series. Few members of the general populace are aware of recent issues, and even dedicated collectors of American coinage no longer buy each coin. The program is widely viewed as a way to squeeze money from collectors while dispensing political favors. The new issues are no longer considered a genuine part of our national coinage but have become lost in a crowd of competing medals, bullion coins and private and foreign issues.

The visual quality of the commemorative series has also declined. Many of the recent issues have a confused and cluttered look on the obverse which appears to result from the transfer of drawn or painted images directly onto the coin surface, and a reverse which is a pastiche of coin clichés and graphic logos. They reflect a lack of involvement of trained numismatic artists, the inadequacy of the design oversight allowed to the Fine Arts Commission and the Citizens' Committee on Commemoratives, and the long vacancy in the office of Chief Engraver at the Mint.

In my prepared remarks today, I will concentrate on improving the quality of the designs of the commemorative series, as that is the area in which I am most conversant and as I expect that my colleagues on the panel will address the issues of the choice of commemorative subjects and the marketing of the coins. I will, of course, be glad to offer my opinions on these subjects as well in the question period should you so desire.

Good coin design is not merely an aesthetic consideration. Buyers of special issue coins, be they established collectors or members of the general public who have never bought a coin before, respond in large measure to whether they like the looks of a coin. With the proliferation of competing coin-like objects and a well-based skepticism about the investment potential of new numismatic issues, collectors make their purchase choices to an ever-greater extent on the appearance of the pieces.

A well-designed coin is an object with artistic integrity, which recognizes the potentialities and limitations of the medium itself. The aspects of coins which distinguish them from other visual media are obvious, but nonetheless frequently ignored: coins are small, monochromatic, round objects, whose images result from the play of light on tiny differences of surface relief and texture. They have two sides, which are never seen at the same time, but work in a complementary way to complete an image.

The scene of a large group of people engaged in an historic act which is clear and evocative on a larger scale can become meaningless or clumsy when reduced to the small surface of

a coin. Graphic depictions which rely on color or shading for definition can produce a very different effect when rendered solely by shadows on bright metal; for this reason, portraits in profile are usually much more successful than facing portraits in coin design. Images which do not fit gracefully into a circular format leave gaping spaces on a coin surface; among these are standing individuals and large low buildings, too frequently prescribed as the subjects for coin imagery.

Inscriptions are an important aspect of coin design which must also respond to the nature of the medium. A small coin is an inadequate medium for carrying a message more than a few words long. Moreover, the expectation that a commemorative coin carry the distinctive phrases of the circulating coinage further limits the space for verbiage in the composition. In essence, coins are a pictorial medium. While the two sides of the coin are never seen together, they must be consistent in tone and style in order to produce a unified object. This is most certainly achieved by having both faces of the coin the work of the same artist, but appropriate intervention by the Chief Engraver can serve to achieve unity in designs of disparate origin.

Improvement in the design of our commemorative coins must begin with program planning which takes into account those aspects which distinguish coins from other media and are likely to result in good design. Those who propose or advocate specific subjects for commemoration on the nation's coinage cannot be allowed to dictate the design of the coins if they do not understand and respect the basic elements of coin art. The drafters of enabling legislation need not be experts in coin design themselves, but they should be careful to set up a situation in which good coin design is encouraged rather than constrained.

Successful coin designs can come from various sources within and outside the Mint, and different sources may be appropriate for different issues. The primary focus of coin design must be the engraving staff of the Mint, comprising talented artists with long experience in coin making. The Mint artists must be given a full and fair chance to participate in the process of coin design, as such an opportunity is the key incentive for keeping expert engravers at the

Mint. The final responsibility for the successful realization of all designs must rest with the Chief Engraver, who must be a master of both numismatic art and modern production requirements.

Many of our most successful coins of the past century, circulating as well as commemorative, have been designed by artists outside the Mint commissioned for a specific coin. In order for this approach to be successful, the artist so chosen must have extensive knowledge of bas-relief sculpture and medallion design, if not specific coinage experience, and must work with the full cooperation and assistance of the Mint staff.

An option which proved successful in the early years of the current commemorative program is the invited competition, in which a handful of artists outside the Mint are invited to compete among each other and Mint engravers for the design of a coin or series of coins. Though nominal compensation is usually offered for participation in such a competition, the only incentive likely to persuade artists of high caliber to commit the requisite time to such a process is the prospect of having their ideas appear in an undamaged form on our nation's coinage. To this end, there must be guarantees that the selection process will be totally fair and that alterations on accepted designs will be limited to adjustments within the scope of the original guidelines of the competition.

Open public competitions, such as that undertaken for the bicentennial coinage, offer the possibility that a wonderful design will come from an unknown source. They also offer an early opportunity to inspire popular interest in a coin. However, an open competition for coin design should be undertaken with the anticipation of a flood of entries which could result in a truly exciting design being lost in a sea of uninteresting ones and the expectation that an interesting design by a non-specialist will need much re-working by the Mint staff.

Whatever system of design selection is chosen, it must be clearly stated in advance and remain fair and above-board to all those participating. It should also be established in such a way as to encourage artists to come up with truly original and unexpected designs which will

generate interest and excitement among the public. The design process in general should be approached as an opportunity to create new images, rather than to reproduce familiar ones in coin format.

Oversight bodies which consider coin design must be prepared to deal with historical, political, economic, aesthetic and technical questions and should therefore include members well equipped to deal with such issues. Above all, advisory commissions and committees must be allowed to intervene in a timely fashion and with an understanding that their participation is an integral part of the design process. It is essential to establish a schedule whereby a committee's responses to proposals can be incorporated into the process and then revisions in concept or execution can be brought back to them before it is necessary to move on to the next stage of production.

I would like to close with a few thoughts on the relation of commemorative coinage to circulating coinage. The aspect of a commemorative coin which establishes it as distinct from a medal is its perceived relationship to the circulating coinage of the nation. To many Americans, the only true commemorative coin issued in their lifetimes is the bicentennial quarter, as it was the only one which circulated. The integration of commemorative designs into the circulating coinage, as was done for the bicentennial issues, might be the best way to stimulate genuine popular interest in the commemorative coin program. It could also mark a beginning of the consideration of new designs for the circulating coinage as a whole, which many believe to be appropriate as we plan for the currency of the next century.

## Alan Stahl

Dr. Stahl is the curator of Medieval Coins and of Medals for the American Numismatic Society in New York, NY. He has served as past President and Board Member of the American Medallic Sculpture Association and as USA Delegate and Member of the Executive Committee of FIDEM (International Medal Federation). He also has been Councillor of the National Sculpture Society and past President and Historian of the New York Numismatic Club.

He has written numerous books and articles on medieval coinage, and has been editor of *The Medal in America* and author of articles on American medals from colonial period to present.

Dr. Stahl received his Ph.D. in history from the University of Pennsylvania in 1977.

HARVEY G. STACK  
 Testimony before the  
 U.S. House Banking Committee  
 Subcommittee on Domestic & International Monetary Policy

July 12, 1995  
 Washington, D.C.

Thank you for inviting me to appear before this committee.

My name is Harvey G. Stack. I am the senior partner of Stack's in New York City, the oldest and best known coin dealership in the United States. The company has served collectors since 1934.

I have been a professional numismatist for nearly 50 years, involved in all phases of the business: Buying, selling, appraising, research, and writing hundreds of auction sale catalogs and articles.

I am here today representing the Professional Numismatists Guild, Inc. -- the P.N.G. -- a non-profit trade association of the country's top rare coin and currency dealers. Founded in 1955, our motto is "Knowledge, Integrity, Responsibility." I am a former President of the P.N.G.

Here is my statement.

There are too many U.S. commemorative coin programs with too many coins being produced. They are being sold by the Mint for too much money and under too many implied promises of future profits for the buyers.

These are not "rare coins." The only thing "rarer" than these modern commemoratives will be finding someone willing to give you a profit when you try to sell them!

If a private mint engaged in the marketing tactics and reaped the profit margins the U.S. Mint is enjoying, I suspect the Federal Trade Commission would take a close look at that company. Investigative reporters and "60 Minutes" would have a field day.

Since 1982, Congress has authorized and the U.S. Mint has produced and marketed 126 different kinds of commemorative coins.



For the 1996 Olympic Games in Atlanta, a record number of 32 different kinds of coins have been authorized. If a collector wants to purchase one of each, it will cost a minimum of \$2,261. And now, the U.S. Olympic Committee wants even more coins produced for next year!

The explosive growth continues elsewhere, too. There are at least 18 pieces of commemorative coin legislation now pending before the 104th Congress.

Congress has never expressly mandated that the U.S. Mint become a profit-making entity with these programs, but that is what has happened.

Between 1982, when the modern commemorative programs began, and 1993 -- the latest year for which we have been able to obtain figures -- the U.S. Mint's total sales revenue for commemorative coins is more than \$1.4 billion. It's profits on these sales is more than \$552 million; a half billion dollars.

The U.S. Mint is not merely "making money," it is making unusually high profits on commemorative issues; profiteering at the expense of collectors.

In addition to the Mint's own profit, surcharges included within the official issue price of each coin have benefited special causes, such as the restoration of the Statue of Liberty, the 1984 Los Angeles Olympic Games, refurbishing the White House, and next year's Atlanta Olympic Games.

From 1982 to 1993, total surcharges given to various special causes amounted to nearly \$245 million. An additional \$70 million in surcharge revenue has been used to reduce the national debt.

Perhaps more money should be going to reducing the debt, and less to some of the special causes that are receiving unappropriated funds from lawmakers for their pet projects or their supporters in special interest groups and foundations.

(Those surcharges are not "tax deductible." The Ways and Means Committee has been considering a proposal to allow deductions for purchases of commemoratives from the U.S. Mint.)

I mentioned earlier it will cost you at least \$2,261 to purchase one each of the 32 different coins being struck by the Mint for the Atlanta Olympic Games. What can buyers of these coins expect when they eventually decide to sell them?

While past performance is no guarantee of future prices, I can say with utmost confidence that buyers of these over-priced souvenirs will be bitterly disappointed.

I'm 67. I have a better chance of winning the Olympic marathon than any collector will have of making a profit -- or even breaking even -- when they try to re-sell their 1996 Olympic coins in the coming years.

About the only way to make a profit on these coins is if gold soars to \$800 an ounce again, and the Hunt Brothers propel silver back to \$50 an ounce. Then these coins could be sold for a profit -- as bullion to be melted.

What happens when a person, who in good faith purchased coins directly from the Mint, wants to sell them later to a member of the Professional Numismatists Guild or at any neighborhood coin store?

Not long ago an elderly woman came into our store on West 57th Street in New York to sell a group of modern U.S. commemorative coins she specifically purchased since 1983 for her grandchildren.

She bought those coins directly from the Mint over the years and paid a total of \$5,200 for them. When we could only offer her the fair market price of \$2,200, she thought we were trying to cheat her.

Although Stack's does not sell modern U.S. commemoratives, we showed her she could easily purchase the exact same coins from other dealers for about \$2,600. Half of what she originally paid for them. She left our store -- very upset.

Despite the Mint's extremely suggestive advertisements that these are "heirlooms" or "limited edition," there is virtually no secondary, collector's market for most of these coins -- except for their bullion content.

Between 1982 and 1994, the Mint struck and sold 89 different commemorative coins. If a collector purchased them directly from the Mint at the best possible pre-issue prices, and tried to sell them today, he would make a one or two dollar profit on only 13 of those coins, break even on two of them, and lose money on the 74 others. For some coins, the financial losses would be greater than 60 percent!

The 1994 World Cup Soccer commemorative program actually lost more than \$3.5 million. Paradoxically, the World Cup coin program lost millions even with U.S. Mint advertisements for these items included with Treasury Department tax refund checks.

Coin dealers face unfair competition from the Mint's advertising. And, when dealers do sell these coins, they have to charge local and state sales taxes. The Mint does not; municipal and state governments are losing the revenues.

Collectors have become disappointed with the proliferation of commemoratives, disappointed with questionable themes and designs for many of these coin programs, and disappointed with high prices.

That disappointment now is turning to disgust. Collectors are angry about the exploitation. Hobby publications, such as the authoritative Coin World and Numismatic News, are seeing an increasing number of letters to the editor from collectors who will be boycotting future commemorative coinage programs.

It is appalling that the United States has not had a circulating commemorative coin since the 1976 Bicentennial program when special quarters, half dollars and dollar coins were struck and placed into circulation.

Every major country of the world frequently places new designs on their circulating coins to commemorate important people, places and events -- except the United States.

PNG member David Sundman of New Hampshire points out that since 1945 there have been more than 2,000 postage stamp designs issued by the U.S., but in those same 50 years there have been only nine new coin designs put into circulation.

Once you get the public to look at their change, you help create collectors. But right now, it's "Congress OKs, the collector pays:" \$1.4 billion in U.S. Mint commemorative coin sales revenues; \$552 million in government profits; \$245 million in surcharges given to special groups; and another \$70 million in surcharges to reduce the national debt.

It's been high-priced coin after high-priced coin. And losing money discourages collectors.

I thank the Committee for the opportunity to address these issues, and I welcome any questions you may have.



Coins & Medal not shown actual size.

## Introducing the World Cup USA 1994 Commemorative Coins.

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Five dollar gold coin: Weight 8.359 grams. Composition 90% gold (0.24 troy ounces), 6% silver, 4% copper. Diameter 0.850 inch. One dollar silver coin: Weight 26.73 grams. Composition 90% silver (0.76 troy ounce), 10% copper. Diameter 1.500 inches. Half dollar clad coin: Composition 92% copper (0.33 troy ounce), 8% nickel. Diameter 1.205 inches.

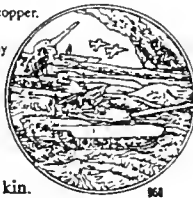
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Expiration Date: \_\_\_\_\_

Credit card orders will be billed and checks deposited upon receipt by the Mint.

Month \_\_\_\_\_ Year \_\_\_\_\_

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

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COIN WORLD, Monday, June 19, 1995

## **U.S. Mint piggybacks tax return checks**

The United States Mint is hoping to turn more than 40 million American taxpayers into coin collectors by salting order forms offering commemorative coins for sale in advertising included along with federal income tax return checks from the Treasury for the 1994 tax year.

In previous years, the Mint has focused its offers, included with some 50 million federal income tax return checks, on a single coin program. This year, the Mint randomly placed order forms for five different commemorative coin programs in a total of 42 million tax return check envelopes.

Mint spokesman Michael White said offers for several options of the 1995 Civil War Battlefield coins, including the 1995-S Prestige Proof set, accompanied some 20 million income tax return checks. Another 7 million order forms offering the three 1994 veterans coins — Prisoner of War, Vietnam Veterans Memorial and Women in Military Service to America — were placed in separate tax return envelopes.

Order forms promoting the first four 1995-1996 Atlanta Centennial Olympics coins, the 1994 Bicentennial of the U.S. Capitol silver dollars and the 1995 Special Olympics silver dollars were separately placed in 5 million tax return check envelopes each, for a total of 15 million envelopes.

Some 50 million federal income tax refund check envelopes in 1994 received Mint promotional materials touting the 1994 World Cup soccer coins, Prestige Proof set, and Ben Franklin Firefighters and Persian Gulf War medals. A like number of envelopes in 1993 were salted with advertisements for the 1993 James Madison/Bill of Rights coins.

To get on the Mint's mailing list, write Customer Service Center, United States Mint, 10001 Aerospace Drive, Lanham, Md. 20706, or call (202) 283-2646. **CW**

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Modern U.S. Commemorative Coins				
U.S. Commemorative Program	Pre-issue price	Issue price	*Dealer sell price	**Dealer buy price
1982-D (Unc.) Washington silver 50-cent	NA	\$8.50	4.95	3.25
1982-S (Proof) Washington silver 50-cent	NA	10.50	4.75	3.25
1983-P (Unc.) Olympic silver \$1	NA	28.00	8.95	7.75
1983-D (Unc.) Olympic silver \$1	NA	28.00	12.95	9.00
1983-S (Unc.) Olympic silver \$1	NA	28.00	12.95	7.75
1983-S (Proof) Olympic silver \$1	24.95	29.00	8.95	7.50
1984-P (Unc.) Olympic silver \$1	NA	28.00	13.95	12.00
1984-S (Unc.) Olympic silver \$1	NA	28.00	24.95	21.00
1984-D (Unc.) Olympic silver \$1	NA	28.00	24.95	21.00
1984-S (Proof) Olympic silver \$1	32.00	39.00	11.95	9.25
1984-W (Unc.) Olympic \$10 gold	NA	339.00	239.00	205.00
1984-P (Proof) Olympic \$10 gold	NA	352.00	229.00	225.00
1984-D (Proof) Olympic \$10 gold	NA	352.00	269.00	225.00
1984-S (Proof) Olympic \$10 gold	NA	352.00	239.00	205.00
1984-W (Proof) Olympic \$10 gold	NA	352.00	269.00	205.00
1986-D (Unc.) Statue of Liberty clad 50-cent	5.00	6.00	5.95	3.00
1986-S (Proof) Statue of Liberty clad 50-cent	6.50	7.50	6.95	4.50
1986-P (Unc) Statue of Liberty silver \$1	20.50	22.00	9.00	7.75
1986-S (Proof) Statue of Liberty silver \$1	22.50	24.00	9.25	7.70
1986-W (Unc) Statue of Liberty \$5 gold	160.00	165.00	125.00	105.00
1986-W (Proof) Statue of Liberty \$5 gold	170.00	175.00	125.00	106.00
1987-P (Unc.) Constitution Bic. silver \$1	22.50	26.00	8.95	8.00
1987-S (Proof) Constitution Bic. silver \$1	24.00	28.00	8.50	7.25
1987-W (Unc.) Constitution Bic. \$5 gold	195.00	215.00	125.00	105.00
1987-W (Proof) Constitution Bic. \$5 gold	200.00	225.00	125.00	105.00
1988-D (Unc.) Olympic silver \$1	22.00	27.00	17.50	10.50
1988-S (Proof) Olympic silver \$1	23.00	29.00	8.95	7.25
1988-W (Unc.) Olympic \$5 gold	200.00	225.00	125.00	105.00
1988-W (Proof) Olympic \$5 gold	205.00	235.00	125.00	105.00

## Modern U.S. Commemorative Coins (continued)

U.S. Commemorative Program	Pre- Issue price	Issue price	*Dealer sell price	**Dealer buy price
1989-S (Proof) Congress Bic. clad 50-cent	5.00	6.00	5.95	4.50
1989-D (Unc. Congress Bic. clad 50-cent	7.00	8.00	12.95	9.00
1989-S (Proof) Congress Bic. silver \$1	25.00	29.00	14.95	12.50
1989-D (Unc.) Congress Bic silver \$1	23.00	26.00	19.95	17.50
1989-W (Proof) Congress Bic \$5 gold	195.00	215.00	125.00	105.00
1989-W (Unc.) Congress Bic \$5 gold	185.00	200.00	125.00	105.00
1990-P (Unc.) Eisenhower silver \$1	23.00	26.00	19.75	13.00
1990-W (Proof) Eisenhower silver \$1	25.00	29.00	9.95	9.25
1991-S (Proof) Mt. Rushmore clad 50-cent	8.50	9.50	13.95	10.00
1991-D (Unc.) Mt. Rushmore clad 50-cent	6.00	7.00	13.95	10.00
1991-S (Proof) Mt. Rushmore silver \$1	28.00	31.00	29.50	24.00
1991-D (Unc.) Mt. Rushmore silver \$1	23.00	26.00	33.50	26.00
1991-W (Proof) Mt. Rushmore \$5 gold	195.00	225.00	139.00	110.00
1991-W (Unc.) Mt. Rushmore \$5 gold	185.00	215.00	139.00	110.00
1991-S (Proof) Korean War silver \$1	28.00	31.00	15.95	13.00
1991-D (Proof) Korean War silver \$1	23.00	26.00	16.95	11.00
1991-S (Proof) USO silver \$1	28.00	31.00	24.95	15.00
1991-D (Unc.) USO silver \$1	23.00	26.00	33.50	23.00
1992-S (Proof) Olympic clad 50-cent	8.50	9.50	8.50	7.00
1992-P (Unc.) Olympic clad 50-cent	6.00	7.50	6.25	4.50
1992-S (Proof) Olympic silver \$1	28.00	32.00	32.50	26.00
1992-D (Unc.) Olympic silver \$1	24.00	29.00	31.25	24.00
1992-W (Proof) Olympic \$5 gold	195.00	230.00	155.00	125.00
1992-W (Unc.) Olympic \$5 gold	185.00	215.00	145.00	115.00
1992-S (Proof) White House Bic. silver \$1	28.00	32.00	49.95	37.00
1992-S (Unc.) White House Bic. silver \$1	23.00	28.00	46.95	34.00
1992-D (Unc.) Columbus clad 50-cent	6.50	7.50	12.95	9.00
1992-S (Proof) Columbus clad 50-cent	8.50	9.50	12.95	8.50
1992-D (Unc.) Columbus silver \$1	23.00	28.00	26.50	22.00
1992-P (Proof) Columbus silver \$1	27.00	31.00	26.50	21.00
1992-W (Unc.) Columbus gold \$5	180.00	210.00	189.00	160.00
1992-W (Proof) Columbus gold \$5	190.00	225.00	179.00	165.00

## Modern U.S. Commemorative Coins (continued)

U.S. Commemorative Program	Pre- Issue price	Issue price	*Dealer sell price	**Dealer buy price
1993-W (Unc.) Bill of Rights-Madison silver 50-cent	9.75	11.50	13.95	10.25
1993-S (Proof) Bill of Rights-Madison silver 50-cent	12.50	13.50	9.50	7.00
1993-D (Unc.) Bill of Rights-Madison silver \$1	22.00	27.00	19.95	16.00
1993-S (Proof) Bill of Rights-Madison silver \$1	25.00	29.00	16.50	14.00
1993-W (Unc.) Bill of Rights-Madison gold \$5	175.00	205.00	189.00	150.00
1993-W (Proof) Bill of Rights-Madison gold \$5	185.00	220.00	179.00	130.00
1993-P (Unc.) WWII 50th clad 50-cent	8.00	9.00	9.75	6.50
1993-P (Proof) WWII 50th clad 50-cent	9.00	10.00	10.95	8.00
1993-D (Unc.) WWII 50th Anniv silver \$1	23.00	28.00	27.75	22.00
1993-W (Proof) WWII 50th Anniv silver \$1	27.00	31.00	27.95	21.00
1993-W (Unc.) WWII 50th Anniv gold \$5	170.00	200.00	179.00	150.00
1993-W (Proof) WWII 50th Anniv gold \$5	185.00	220.00	179.00	122.00
1994-D (Unc.) World Cup clad 50-cent	8.75	9.50	9.75	6.75
1994-P (Proof) World Cup clad 50-cent	9.75	10.50	10.50	8.25
1994-D (Unc.) World Cup silver \$1	23.00	28.00	25.25	20.50
1994-S (Proof) World Cup silver \$1	27.00	31.00	27.95	23.50
1994-W (Unc.) World Cup gold \$5	170.00	200.00	179.00	150.00
1994-W (Proof) World Cup gold \$5	185.00	220.00	179.00	150.00
1994-P (Unc.) Jefferson 250th silver \$	27.00	32.00	45.00	30.00
1994-S (Proof) Jefferson 250th silver \$	31.00	35.00	45.00	33.00
1994-W (Unc.) Women in Military silver \$1	27.00	32.00	30.95	30.00
1994-P (Proof) Women in Military silver \$1	31.00	35.00	34.95	28.00
1994-W (Unc.) Vietnam Veterans silver \$1	27.00	32.00	30.95	28.00
1994-P (Unc.) Vietnam Veterans silver \$1	31.00	35.00	34.95	29.00
1994-W (Unc.) Prisoners of War silver \$1	27.00	32.00	30.95	28.00
1994-P (Proof) Prisoners of War silver \$1	31.00	35.00	34.95	28.00
1994-D (Unc.) U.S. Capital Bic. silver \$1	32.00	37.00	39.95	27.00
1994-S (Proof) U.S. Capital Bic. silver \$1	36.00	40.00	42.50	32.00



## Modern U.S. Commemorative Coins (continued)

U.S. Commemorative Program	Pre-issue price	Issue price	*Dealer sell price	**Dealer buy price
1995-S (Unc.) Civil War clad 50-cent	9.50	10.25	11.95	NA
1995-S (Proof) Civil War clad 50-cent	10.75	11.75	12.95	NA
1995-P (Unc.) Civil War silver \$1	27.00	29.00	31.95	NA
1995-S (Proof) Civil War silver \$1	30.00	34.00	33.95	NA
1995-W (Unc.) Civil War gold \$5	180.00	190.00	NA	NA
1995-W (Proof) Civil War gold \$5	195.00	225.00	240.00	NA
1995-W (Unc.) Special Olympics silver \$1	31.00	35.00	39.95	NA
1995-P (Proof) Special Olympics silver \$1	29.00	31.00	39.95	NA
1995-D (Unc.) Atlanta Olympics clad 50-cent	10.50	11.50	NA	NA
1995-S (Proof) Atlanta Olympic clad 50-cent	11.50	12.50	NA	NA
1995-D (Unc.) Atlanta Olympics clad 50-cent	10.50	11.50	NA	NA
1995-S (Proof) Atlanta Olympics clad 50-cent	11.50	12.50	NA	NA
1995-D (Unc.) Atlanta Olympics silver \$1	27.95	31.95	NA	NA
1995-P (Proof) Atlanta Olympics silver \$1	30.95	34.95	NA	NA
1995-D (Unc.) Atlanta Olympics silver \$1	27.95	31.95	NA	NA
1995-P (Proof) Atlanta Olympics silver \$1	30.95	34.95	NA	NA
1995-D (Unc.) Atlanta Olympics silver \$1	27.95	31.95	NA	NA
1995-P (Proof) Atlanta Olympics silver \$1	30.95	34.95	NA	NA
1995-D (Unc.) Atlanta Olympics silver \$1	27.95	31.95	NA	NA
1995-P (Proof) Atlanta Olympics silver \$1	30.95	34.95	NA	NA
1995-W (Unc.) Atlanta Olympics gold \$5	229.00	249.00	NA	NA
1995-W (Proof) Atlanta Olympics gold \$5	239.00	259.00	NA	NA
1995-W (Unc.) Atlanta Olympics gold \$5	229.00	249.00	NA	NA
1995-W (Proof) Atlanta Olympics gold \$5	239.00	259.00	NA	NA
* Price at which collector can currently purchase.				
** Price a dealer would currently pay a collector.				
NA - not available				

## Harvey Stack

Mr. Stack is the senior partner of STACK'S, a family owned coin dealership in New York, N.Y. STACK'S was founded in 1934, and specializes in coins, medals and paper money. Many famous collections have been organized through STACK's, including the J.K. Lilly Collection, the Eliasberg Collection and the reconstruction of the Truman Library Collection.

Mr. Stack has authored numerous auction sale catalogues and many opinion papers. He has appeared as a witness before Treasury on the issue of importation of gold coins, and also before Congress on the Hobby Protection Act. The Secret Service has also utilized his expertise in counterfeiting.

Additionally, Mr. Stack has served as a Governor for the U.S. Assay Commission. He has been a director and officer, including President, of the Professional Numismatists Guild. He has advised the National Numismatic Collection of the Smithsonian Institution in addition to various coin-oriented societies and organizations.

**PREPARED STATEMENT OF DAVID L. GANZ, PRESIDENT OF THE AMERICAN NUMISMATIC ASSOCIATION at OVERSIGHT HEARINGS ON COMMEMORATIVE COINS BEFORE THE SUBCOMMITTEE ON DOMESTIC & INTERNATIONAL MONETARY POLICY of the HOUSE COMMITTEE ON BANKING & FINANCIAL SERVICES at the RAYBURN OFFICE BUILDING, WASHINGTON D.C. JULY 12th, 1995**

Chairman Castle, Mr. Flake, distinguished members of the subcommittee, I am pleased once again to appear before you, today for the first time as President of the American Numismatic Association ("ANA"), the largest educational, non-profit organization of coin collectors in the world.

The ANA has more than 28,000 members, located in each of the 50 states, and in many foreign countries. It also has more than 600 clubs throughout the U.S. that are members of our organization, ranging in size of 3,000 members of the Tokens and Medals Society, and the 300-member Professional Numismatists Guild, Inc., to their 45 member Dover, Delaware Coin Club.

Some of you may be aware that in addition to being the President of the ANA, I am also a member of the Citizens Commemorative Coin Advisory Committee, having being appointed to a one year term by Treasury Secretary Lloyd Bentsen in 1993, and reappointed again for this year. I am also a member of the Board of Directors of the Industry Council for Tangible Assets (ICTA), and affiliate member of the Professional Numismatists Guild, Inc., a life-fellow of the American Numismatic Society, and a long time student of American coinage law which is actually one of the areas of skill and expertise that I practice as an attorney in New York, New Jersey, and the District of Columbia.

The Committees charged with handling the coinage matters have a long history of holding oversight hearings on pressing contemporary issues. None is more crucial, in my opinion, than that pertaining to the proliferation of commemorative coin issues in the 1990's. The first time that I was invited to appear before a congressional subcommittee dealing with coinage matters was in March, 1974. In the intervening 21 years, I have appeared before the committee with jurisdiction on coinage matters many times, but none was perhaps as important in its purpose as the oversight hearing on commemorative coins held today.

The Citizens Commemorative Coin Advisory Committee in which I am proudly a member since its inception, issued its first report to Congress in September of last year. The recommendations of the Committee were unanimous: there is a strong and compelling need to reduce the total number of commemorative coins produced each year and a need to depoliticize the process of issuing the coins. There is also an overwhelming need to reduced the almost staggering number of new issues, and to minimize the mintage of those coins that have been authorized but not yet produced.

The Citizens Commemorative Coins Advisory Committee also made a unanimous recommendation -- signed by all voting members of the Committee -- that Congress give serious consideration to the issuance of a circulating, legal tender commemorative coin -- a coin without surcharge -- which would have its designs regularly changed to exemplify contemporary commemorative themes.

The purpose of this would be to stimulate the general public to look at their coins, and their pocket change, much the way that the colonial drummer boy on the reverse of the bicentennial quarter did a generation ago.

I am proud to have been the individual asked to draft the brief section of the Citizens Advisory Committee's Report on a circulating commemorative coin.

A rather extensive presentation as to the merits of such a proposal was made by me to the Citizens Advisory Committee in February of last year, and as Mr. Diehl and my colleagues sitting behind me would tell you, it is a theme that I repeated and reiterated at every meeting of the Commemorative Advisory Committee: it's time to issue circulating, legal tender commemoratives with no surcharges.

It is the mission of the American Numismatic Association to promote public awareness of coin collecting, and its educational aspects, and it is our belief that there is no better means of accomplishing this than the introduction of new, circulating commemorative coinage that is emblematic of the values that have made our country great.

This is true now, just as it was 22 years ago, when bicentennial coinage legislation was introduced in both houses at the request of the Mint. The original legislative proposal would have permitted commemoration only on the half dollar and dollar -- neither of which really circulated. It was the compelling logic of a truly circulating coin to tell the story of 200 years of freedom that caused ANA's then president John Jay Pittman to ask Rep. Leonor K. Sullivan, chair of the Consumer Affairs subcommittee (which had jurisdiction over coinage matters),

why a truly circulating coin – the quarter – couldn't be added to the program.

I recall the events vividly – indeed, I wrote a book about them entitled *14 Bits: The Story of America's Bicentennial Coinage* (1977). Specifically, I remember the opposition that the Mint staff initially had to the proposal. The arguments that were raised then included the claim that the Mint simply couldn't produce enough of the coins in a one year period of time.

So Congress found a solution to that: allow production to start in mid-1975, utilizing a 1976 date, until there was an adequate supply of the coin so that it could be put out into circulation. Where the Mint typically might have had to produce 800 million quarters annually, more than 1.2 billion circulating bicentennial quarters were produced. They circulated widely and were collected by a generation of school children, foreign visitors to the United States, and many people who never before even thought about their coins or pocket change.

Today, a whole generation later, you still see the Colonial Drummer Boy coin in pocket change. Every time that I see one it reminds me how important it is for our coins to tell a tale to the world of our era, its ideals, its goals, and its aspirations.

As this Committee holds oversight hearings on the problems associated with modern commemorative coinage, I think that the starting point of any discussion should be the first report of the Citizens Commemorative Coin Advisory Committee.

The Report of the Advisory Committee was made to Congress last fall when copies were transmitted to the various committees with jurisdiction on coinage matters. It did not receive widespread dissemination, even though the Committee labored for many months to establish criteria for selecting future themes, and then to propose a five year plan for such coins.

I am concerned that future generations of historians, and numismatists, and Congress itself will not understand the context in which contemporary commemorative coinage was authorized because of the relative unavailability of the Report. Because this Report is so essential to the overall presentation, and to understanding the background to the contemporary problems, its inclusion in the record of this hearing would assure that there are enough printed copies circulated, and placed in federal repository libraries, to see that the Report and its contents have widespread dissemination. I therefore would ask permission from the Chair to include in the hearing record (in its entirety) the recommendations and report of the Citizens Commemorative Coin Advisory Committee.

Let me briefly talk about the *other* type of commemorative coins: the non-circulating legal tender types. Commemorative coinage has a long and illustrious history in our country. Some truly important events and distinguished Americans have been honored with this truly unique tribute that only a sovereign nation – with its legal coinage – can offer.

Throughout commemorative coinage history, however, there has always been a problem: someone is almost always looking to cash in. The very first year of issue, 1892, saw the sponsors of the World's Fair Exposition in Chicago promote special commemorative coins. They were acquired by the sponsor for a half dollar from the Mint, and then sold to the general public at \$1 apiece.

There was a considerable amount of hype associated with commemorative coinage, even then. The very first commemorative coin ever struck – the 1892 Columbian Exposition half dollar coin – was purchased by the Remington Typewriter Company for \$10,000, and then placed on display. And, while it doesn't sound like much, \$1 was a lot of money back in 1892.

There was controversy, even then. The monthly publication of the ANA, *The Numismatist*, chronicled commemorative coinage as it first began (not surprising since *The Numismatist* began publication in 1888). It said of the 1893 Isabella quarter commemorative:

*In the Women's Building only, could be obtained the Isabella quarter dollar.*

*They are beautiful little pieces that sold on their merits... owing to the limited number coined, they will always command a higher premium than their half dollar brother", according to Dr. George Heath.*

Through the years, there were many other commemorative coins authorized, nearly all of which were produced by the Mint for a private committee or organization which acquired them from the Mint at *face value* and then resold them to the public at a much higher price. These organizations frequently utilized official distributors to merchandise their coins. Such luminary names as Bebee's of Chicago (and later Omaha) and Stack's of New York, were among the official distributors making significant profits on selling these commemorative coins. Selling prices (in 1950, using 1950 dollars) were \$8.50 for a set of three half dollars (one from Philadelphia, Denver and

San Francisco mints). Of course, the Mint received only \$1.50 for the three coins, and the Memorial Association \$3 per set. The remaining sum represented pure profit.

I recently looked at the *Statistical Abstract of the United States* and its chart on Consumer Prices, adding in the CPI from the earlier *Economic Report of the President* (1971), so that I could accurately calculate price changes over the last 40 years. Since 1950, prices have gone up an average of over 500%.

For the simple half dollar set of 1950 consisting of three coins being sold, retail, for \$8.50, that would mean that a 1995 price of \$51 for the three coins would be the equivalent. But the U.S. Mint charges far less than that for the equivalent, meaning that today's collectors get a better value for their money, even in the face of charges of high profits.

Early commemorative issues were rife with abuse. There were real, substantive abuses in the system, as well as outrageous profits by private promoters and distributors. In 1939, the Chairman of the House Banking Committee, Rep. Cochran, determined that the abuses had to stop. House Report No. 101, 76th Congress, 1st session was the result; legislation to put a halt to the abuses resulted that same year and before long, after a string of Presidential vetoes, commemorative coinage was halted in 1954.

I recall as a relatively young collector, and certainly, as a young writer (for I have been writing professionally about coins since 1965) the arguments raised again and again that the Treasury Department ought to take a new look at commemorative coins and start to issue them, again.

I have certainly written extensively on the subject, both in technical law review articles, and in the commercial trade press, that commemorative coins are the life blood of the coin hobby. Their designs can be changed more or less regularly, where regular circulating coins has traditionally not had their design changed more frequently than once in 25 years (as mandated by the Act of September 26, 1890).

It is for this very reason that I argued so strongly at the first Citizens Commemorative Coin Advisory Committee meeting, and at each subsequent one, that circulating commemorative coinage was so important.

It avoids most of these uses of the current system principally by giving the profit – all of it – to the government. The government profit is called seigniorage, and it is substantial. On a typical half-dollar coin, for example, the government makes more than 45¢ "profit" as long as it is made of copper nickel.

It would be easy to say that there aside from the bicentennial coin program, there is no experience with circulating commemorative coins, but that is inaccurate. In 1931, Congress directed the Secretary of the Treasury to produce a commemorative coin honoring the bicentennial of the birth of George Washington. The now-familiar design on the George Washington quarter was the result of what was to be a one-year coin effort. Other countries have utilized the concept of circulating commemorative coinage to great effect. Canada is one recent example, striking one coin for each of the provinces.

I examined the subject at great length in the formal report that I prepared, and presented, to the Citizens Advisory Committee last year. I would ask the chair's permission that this Report, contained in the appendix to this prepared statement, be reprinted in the hearing record in its entirety.

There are those who have criticized, and will continue to criticize, the work of the Citizens Commemorative Coin Advisory Committee. The criticism is understandable to those of us who have heard it, because in some sense, all of us share in the frustration of not being able to offer an immediate fix or solution to the problem.

What is the cause of the problem?

Let me summarize:

- Too many coins are being authorized.
- Authorizing programs that are not market-tested, but rather driven by the underlying legislation.
- Creation of programs that are driven by the financial needs of the sponsoring organizations, rather than a historically timely commemoration.
- Inability on the part of the Mint to be responsive to perceived demands in the marketplace.
- A shrinking marketplace for items that are purchased with discretionary income, and an inability of the Mint to re-price, or to create new products that would be more competitive.
- Contrived commemorations, such as the 38th anniversary of the end of the Korean War.
- Repetitious themes, such as the 1989 Congressional commemorative and the 1994 bicentennial of the Capitol building;
- Overly large programs with too many designs or repetitious designs, such as the World Cup.

Let me put this in a different context. Suppose that the U.S. Mint was producing a consumer good such as a detergent. The company's board of directors meets and passes a motion that says

*later this year, you will produce a new brand of soap. We don't know if anyone wants this soap, but 10% of the proceeds from the sale of it will go to a worthy cause. The package for the soap should have a picture on it as we direct. You will market it to your customers. And you can sell up to a million units of the product. Good luck.*

If this were proposed to Procter & Gamble, they'd tell you that the proposal was crazy and made no sense. It wasn't market-tested; the design of the package wasn't part of a consumer survey. Yet that's precisely what the Board of Directors of the U.S. Mint -- 535 members of the House and Senate -- have done regularly with commemorative coinage.

Inevitably, every coin authorized looks like a horse that is designed by a committee, but visually resembles a camel.

I understand the position that many members of Congress and even those in the Executive Branch face; in fact, as a member of the Citizens Advisory Committee, I have been lobbied on behalf of many worthwhile projects, typical of a truly worthy goal, and each of which is meritorious to the funds that they are trying to raise. But there is a problem.

The problem is that between 85% to 90% of every commemorative coin that is being produced is purchased by one of the nation's coin collectors. Because every contemporary commemorative coin has a surcharge, this constitutes little more than a tax on the nation's coin collectors -- and it is the subject of considerable controversy, and resentment.

Significantly, this pricing surcharge has the practical effect of making potential purchasers pay a tax going in, and then be the recipient of a second unhappy result: because there are too many coins for too few collectors, the price inevitably goes down.

It's not true in every case, but can be factually seen in enough examples to assure many collectors that it's a better opportunity to make a purchase in the secondary market, a year after issue, than to buy the original.

A recent issue of *Coin World* (dated July 3, 1995) contains advertisements offering modern commemorative coins for sale. Here are some examples: a 1984 \$10 gold piece in gem proof was sold for \$352 at the time of the Olympic Games. Today's price: \$269, some 11 years later. Another example the 1989 Congressional half dollar (sold originally for \$7 in proof) now can be purchased for \$5.95, six years later. These coins may be fun to collect, but they are simply not good investments.

Every group that lobbies Congress for its own commemorative program, and everyone that thinks about undertaking such a program, has a different marketing strategy as to how their group will be the savior, and make the purchases necessary to sell-out the program, or to make it successful. It simply has never happened.

It is true now, and frankly it was also true a hundred years ago during the entire history of commemorative coins. The melting records of the U.S. Mint bespeak the issue, even when the theme is one that *should* bring a sell-out.

For example in 1926, the National Sesquicentennial Exhibition Association of Philadelphia, for the 150th anniversary of American Independence, was the principal issuer of a half dollar of which one million pieces were authorized and struck. Over 859,000 pieces were melted (net issuance: 141,120 at \$1 apiece).

Even when knowledgeable coin dealers were in charge of distribution, the number of coins that they ordered usually far exceeded the predicted demand. For example, in Bowers' book *Commemorative Coinage of the United States of America* (1991), he notes that the well-known firm of Stack's of New York City was exclusive distributor for the Robinson-Arkansas 1936 series (pp. 394-5). They offered the coins at \$1.85 apiece (or a 270% markup over cost). Their subscription application form noted on its back that "From all outward appearances, this issue will be oversubscribed and sold the day the coins will be released". Mintage was set at a 25,000 minimum and 50,000 maximum. The results: only 25,000 coins were sold.

(At least there weren't substantial meltings on that issue. In 1946, for the Booker T. Washington issue, Stack's was not as lucky. Of 1,000,000 pieces minted at Philadelphia, 200,000 at Denver and 500,000 at San Francisco, Bowers estimates that some 450,000 were eventually melted.).

In fact, the statistics are a sorry lot for the history of the number of coins authorized, the number produced, and the number melted. In summary, some 34 million commemorative coins were authorized between 1892 and

1954 of which about half (17,686,059) were actually minted. If these, *almost* half were melted (8.2 million pieces) for a net of 9,473,923 pieces. A chart showing the specifics of this that I have prepared is attached in the Appendix as Table 1.

You would think that, perhaps, that those who authorize commemoratives, or propose them, might have learned from the mistakes of the past, but this is not the case at all. Another chart that I have prepared (found in the Appendix, Table 2) shows similar statistics for modern commemorative coinage.

It shows that over 212 million commemorative coins have been authorized by Congress since 1982 -- not counting the Olympic program for 1995-96 or programs for future years -- of which only about a quarter (49.9 million pieces, or 23.49% to be precise) have been sold. (Very few pieces were melted, of course, since most issues in recent times are produced to the projected demand based on the science of orders received).

These statistics are also interesting because it shows that, overwhelmingly, the coins sold are proof coins (86% on average) with only a small percentage (13%) uncirculated issues.

What is striking about the modern commemorative statistics is that the market is shrinking. Fewer coins are being sold even though there is an increased need from sponsors for more revenue. Several graphs that I have prepared are found in the appendix showing the disturbing, downward trend line.

For example, in 1985, the seminal issue of the Statue of Liberty raised \$83 million in surcharges. The copper nickel 50 cent coin saw 7.8 million pieces minted (selling at \$7 in proof, and \$5 in uncirculated). The silver dollar saw 7.1 million pieces minted. The gold \$5 coin had a mintage of almost 500,000.

This is truly the benchmark that all other series have to be measured against, even though other series may have an occasional higher mintage.

Compare the gold coins today. The high point was the 1987 Constitution bicentennial, with 865,000 coins produced. It declines to 211,000 for the bicentennial of Congress in 1987, 143,000 for the golden anniversary of Mount Rushmore, and just over 100,000 pieces for the Columbus quincentenary, Madison memorial coin, and World Cup issues. The graph in the appendix makes this very clear.

Silver dollars included 2.2 million for the 1983-4 Olympics, to the 7.1 million for the Statue of Liberty, then to 3.1 million for the bicentennial of the Constitution, and then in a downward path that includes statistical blips such as the 1988 Olympic dollar and 1990 Eisenhower centennial coin. The 1992 White House (500,000 authorized) and 1994 (dated 1993) Jefferson coins (600,000 authorized) sold out for practical purposes. But mintages since are much lower, making even 300,000 coins no longer a sure thing.

The recommendations that I am about to make will come as no surprise to those who are familiar with my writings. Back in 1977, I wrote a modest article entitled "Toward a Revision of the Minting & Coinage Laws of the United States", which was published in the *Cleveland State Law Review* (volume 26, pages 175-257). It discussed the problems of commemorative coins in the past (at that time, commemoratives had not been struck in more than 20 years) and proposed their future with seven different parts, utilizing a newly empowered Joint Commission on the Coinage (which had been authorized by the Coinage Act of 1965, but then slid into history). The Citizens Advisory Committee could be substituted for the Joint Commission with these recommendations:<sup>1</sup>

1. The Commission may recommend and the Secretary may issue up to three differently-designed commemorative coins each year;
2. Designs for commemorative coinage authorized pursuant to this section shall be determined by the Commission in consultation with the Commission on the Fine Arts;
3. Such coins shall be legal tender in the amount of their face value
4. The Secretary may authorize commemorative coins to be struck in clad metal or in such other metals as the Secretary may by regulation designate
5. The Secretary may authorize commemorative coinage to be of any denomination that is not a circulating coin of the realm
6. Commemorative coinage manufactured pursuant to this section may be struck as proof coins or in such other manner as the Secretary may by regulation prescribe, and shall be sold at a premium by the Secretary.
7. Profits derived from the sale of commemorative coinage shall accrue to the General Fund of the Treasury.

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<sup>1</sup> Found in 26 *Cleveland State L. Review* 175, 238 at section 303 of the proposed Act).

The comments to the section suggest that "Selection of designs would be made... presumably utilizing an advisory committee similar to that used by the Postal Service in selecting the commemorative stamps to be issued periodically each year." Gold and silver coins are contemplated, and other metals as well may be designated. This could include platinum, or non-precious metals. It is specifically noted that "there is nothing mandatory about this section, however. It merely permits the Secretary to strike revenue-producing coins. As distinguished from prior issues of commemoratives, profits would accrue to the General Fund of the Treasury."

I suggest to the Committee that the remedial actions suggested by me some 18 years ago are prescient and, to a remarkable extent, if accepted today, would do a great deal to remedy the problems associated with commemorative coins today.

There are no easy answers to the commemorative coin problems of today. But I am certain that this Committee, by the chair calling this hearing, has taken an important first step toward helping solve this critical problem.



Table 1  
Early American Commemorative Coin Issues  
(Mintings and meltings)<sup>2</sup>

Early Commemorative Coin Issues						Surviving
Date	Type	Denom	# Authorized	# Minted	# melted	Mintage
1892	Columbian Exposition	50	5,000,000	950,000		950,000
1893		50		4,052,105	2,501,700	1,550,405
1893	Expo Quarter	25	40,000	40,000	15,809	24,191
1900	Lafayette	1	50,000	50,000	14,000	36,000
1915	PanPac	50	200,000	60,000	32,896	27,104
1918	Lincoln	50	100,000	100,000		100,000
1920	Maine Cent	50	100,000	50,000		50,000
1920	Pilgrim	50	300,000	200,000	48,000	152,000
1921		50		100,000	80,000	20,000
1921	Alabama	50	100,000	54,000	5,000	49,000
	2*2 variety			16,000		16,000
1921	Missouri	50	250,000	40,000	29,600	10,400
	Missouri 2*4	50		10,000		10,000
1922	Grant	50	250,000	95,000	27,650	67,350
1922	grant *	50		5,000	750	4,250
1923	Monroe Centennial	50	300,000	274,000		274,000
1924	Huguenot-Walloon	50	300,000	142,000		142,000
1925	California	50	300,000	150,200	63,606	86,594
1925	Ft Vancouver	50	300,000	50,000	35,034	14,966
1925	LexingtonConcord	50	300,000	162,000	86	181,914
1925	Stone Mountain	50	5,000,000	2,314,000	1,800,000	1,314,000
1926	Oregon Trail	50	6,000,000	48,000	75	47,925
1926	Oregon (S)	50		100,000	17,000	83,000
1928	Oregon	50		50,000	44,000	6,000
1936	Oregon	50		10,000		10,000
1936	Oregon(S)	50		5,000		5,000
1937	Oregon(D)	50		12,000		12,000
1938	Oregon	50		18,000		18,000
1939	Oregon	50		9,000		9,000
1926	Sesquicen	50	1,000,000	1,000,000	859,408	140,592
1927	Vermont	50	40,000	40,000	11,892	28,108
1928	Hawaii Sesqui	50	10,000	10,000		10,000
1934	Boone	50	600,000	10,000		10,000
1935	Boone(PDS)	50		20,000		20,000
1935	Boone(w/small 1934)	50		10,000		10,000
1935	Boone (small 1934 DS)	50		4,000		4,000
1936	Boone (PDS)	50		22,000		22,000
1937	Boone(PDS)	50		12,678		12,678

<sup>2</sup> Data taken from Q. David Bowers, *Commemorative Coinage of the United States* (1991) and A. Slabaugh, *United States Commemorative Coins* (2d ed 1975).

1938	Boone (PDS)	50		15,000	8,716	6,284
1934	Maryland	50		25,000		25,000
1934	Texas	50	1,500,000	205,000	143,650	61,350
1935	Texas(PDS)	50	1,500,000	30,000	12	29,988
1936	Texas(PDS)	50		30,000	3,008	26,992
1937	Texas(PDS)	50		24,000	4,205	19,795
1938	Texas (PDS)	50		15,000	3,647	11,353
1935	Arkansas(PDS)	50	500,000	24,000		24,000
1936	Arkansas (PDS)	50		30,000	1,050	28,950
1937	Arkansas (PDS)	50		16,500		16,500
1938	Arkansas(PDS)	50		18,000	8,550	9,450
1939	Arkansas(PDS)	50		6,300		6,300
1935	Connecticut	50	25,000	25,000		25,000
1935	Hudson	50	10,000	10,000		10,000
1935	Old Spanish Trail	50	10,000	10,000		10,000
1935	San Diego Half	50	250,000	250,000	180,000	70,000
1936	San Diego (D)	50		180,000	150,000	30,000
1936	Albany	50	25,000	25,000	7,342	17,658
1936	Bridgeport	50	25,000	25,000		25,000
1936	Cincinnati	50	15,000	15,000		15,000
1936	Cleveland	50	50,000	50,000		50,000
1936	ColumbiaSesqui	50	25,000	25,000		25,000
1936	Delaware Terc	50	25,000	25,000	4,032	20,968
1936	Elgin	50	25,000	25,000	5,000	20,000
1936	Gettysburg	50	50,000	50,000	23,100	26,900
1936	Long Island	50	100,000	100,000	18,227	81,773
1936	Lynchburg	50	20,000	20,000		20,000
1936	Norfolk	50	25,000	25,000	8,077	16,923
1936	Rhode Island	50	50,000	50,000		50,000
1936	Robinson-Arkansas	50	25,250	25,250		25,250
1936	San Francisco(S)	50	200,000	100,000	28,631	71,369
1936	Wisconsin	50	25,000	25,000		25,000
1936	York	50	30,000	25,000		25,000
1937	Antietam	50	50,000	50,000	32,000	18,000
1937	Roanoke	50	50,000	50,000	21,000	29,000
1938	New Rochelle	50	25,000	25,000	9,749	15,251
1946	Iowa	50	100,000	100,000		100,000
1946	Booker T Washington(PDS)	50	5,000,000	1,700,000	450,000	1,250,000
1947	BT Washington (PDS)	50		300,000	282,000	18,000
1948	BT Washington	50		60,000	24,000	36,000
1949	Washington(PDS)	50		36,000	18,000	18,000

1950	BT Washington (PDS)	50		536,000	462,000	74,000
1951	Carver-Washington	50	3,415,631	130,000	80,000	40,000
1952	Carver-Wash (PDS)	50		2,022,000	900,000	1,122,000
1953	Carver-Wash (PDS)	50		124,000	20,000	104,000
1954	Carver-Washg (PDS)	50		146,000	80,000	66,000
1903	Louisiana	1	250,000	250,000	215,242	34,758
1904	Lewis & Clark	1	250,000	25,000	15,003	9,997
1905	Lewis & Clark	1		35,000	25,000	10,000
1915	PanPac(S)	1	25,000	25,000	10,000	15,000
1915	PanPac	\$2.50	10,000	10,000	3,268	6,732
1915	PanPac Round	\$50	1,500	1,500	1,027	473
1915	PanPac Octagon	\$50	1,500	1,500	864	636
1916	McKinley	1	100,000	20,026	10,023	10,003
1917	McKinley	1		10,000	5,000	5,000
1922	Grant	1	10,000	5,000		5,000
1922	Grant w/Star	1		5,000		5,000
1926	Sesquicentennial	2.50	200,000	200,000	154,207	45,793
		TOTALS	34,538,881	17,686,059	8,212,136	9,473,927

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By Denom/Mintage (100's)

By Denom/Mintage (1054)																	
Sorted Chart E	MAINTED	PROOF	% Proof	0 % Unc	in Millions SOLD	PERCENT	Price	Profil	Price	Gross Surcharge	Sales	Sales by Denomination	Estimated Seigniorage	Surcharge by Program	Coins per program		
1982 Washington 50	7,104,502	4,884,044	68.89%	2,210,458	31.11%	10.00	71.05%	10	9	2	67,728,333	0	2,699,711	83,149,316	15,491,169		
1986 STAT LIB 50 c	7,853,635	6,925,627	88.18%	928,008	11.82%	10.00	78.54%	7	5	2	49,656,616	0	3,691,208	14,824,568	2,040,640		
1988 Cong Seal 50	897,401	762,198	84.93%	135,203	15.07%	4.00	22.44%	5	7	1	897,401	0	421,778	12,065,167	1,941,519		
1991 MT Rushmore 5	926,011	753,257	81.34%	172,754	18.66%	2.50	37.04%	9	6	1	926,011	0	435,225	7,814,012	1,122,280		
1992 COLUMBUS 50	525,973	390,255	74.20%	135,718	25.80%	6.00	8.77%	10	8	1	525,973	0	247,207	9,147,868	1,471,540		
1992 OLYMPIC 50 c	678,484	517,318	76.25%	161,166	23.75%	6.00	11.31%	9	6	1	678,484	0	318,887	8,190,787	1,513,962		
1993 Madison 50 Cen	779,661	586,315	75.20%	193,346	24.80%	10.00	77.97%	14	12	3	2,339,983	0	368,441	9,190,787	1,545,484		
1994 Wind Cup 50	776,851	607,497	78.20%	169,354	21.80%	5.00	15.41%	10	9	1	776,851	0	365,120	9,285,130	1,048,860		
1994 WWII Stunt	512,759	313,801	61.20%	198,958	38.80%	2.00	25.64%	10	9	2	1,025,518	0	240,697	7,756,044	0		
1995 Civil War 50c	346,372	241,369	69.70%	104,933	30.30%	2.00	17.32%	10	9	2	692,644	165,559,341	8,789,575	0	0	0	
1995 Oly 50 c	0	0	ERR	ERR	ERR	2.00	0.00%	10	9	2	0	0	14,873,439	73,389,300	5,045,474		
1983 Oly \$1	2,219,596	1,577,025	71.05%	642,571	28.95%	50.00	4.44%	25	28	10	22,195,960	0	1,442,737	0	0	0	
1984 OLY \$1	2,252,514	1,801,210	79.96%	451,304	20.04%	50.00	4.51%	32	28	10	70,275,232	0	1,464,134	0	0	0	
1986 STAT LIB \$1	7,138,273	6,414,638	89.86%	723,635	10.14%	10.00	71.38%	23	21	7	49,957,911	0	4,639,877	2,078,164	25,312,063		
1987 CONST \$1	3,198,745	2,747,116	85.88%	451,629	14.12%	10.00	31.59%	24	23	7	22,391,215	0	2,078,164	0	0	0	
1988 OLY \$1	1,550,734	1,359,366	87.66%	191,368	12.34%	10.00	15.51%	23	22	7	10,855,138	0	1,007,977	0	0	0	
1989 CONG \$1	931,650	767,897	82.42%	163,753	17.58%	3.00	31.08%	25	23	7	6,521,550	0	605,573	0	0	0	
1990 IRE \$1	1,386,130	1,144,461	82.57%	241,669	17.43%	4.00	34.65%	25	23	7	9,702,910	0	900,885	0	0	0	
1991 KOREA \$1	831,537	618,498	74.38%	213,049	25.62%	1.00	83.15%	28	23	7	5,820,959	0	540,499	0	0	0	
1991 MT RUSHM \$1	871,558	738,419	84.72%	133,139	15.28%	2.50	34.86%	28	23	7	6,100,906	0	568,513	0	0	0	
1991 USO \$1	446,233	321,275	72.00%	124,958	28.00%	1.00	44.62%	28	23	7	3,123,631	0	290,051	0	0	0	
1992 COLUMBUS \$1	492,252	385,250	78.27%	105,962	21.73%	4.00	12.31%	28	24	7	3,445,764	0	319,964	0	0	0	
1992 OLY \$1	688,842	503,239	73.06%	185,603	26.94%	4.00	17.22%	28	24	7	4,821,894	0	447,747	0	0	0	
1992 WHITE HS \$1	498,753	375,154	75.22%	123,599	24.78%	0.50	98.75%	28	23	10	4,987,530	0	324,189	0	0	0	
1993 MADISON \$1	632,364	534,001	84.44%	98,363	15.56%	0.90	70.26%	31	27	6	3,794,304	0	411,050	0	0	0	
1994 Jefferson	599,818	332,891	55.50%	266,927	44.50%	0.60	99.97%	31	27	10	5,998,180	0	389,882	0	0	0	
1994 World Cup \$1	575,981	445,667	77.33%	130,314	22.77%	5.00	13.13%	31	23	7	4,595,969	0	428,789	0	0	0	
1994 World War II \$1	445,667	339,358	76.15%	106,309	23.85%	1.00	44.57%	31	28	8	3,565,336	0	289,684	0	0	0	
1994 POW \$1	267,800	213,900	79.87%	53,900	20.13%	0.50	53.56%	31	27	10	2,678,000	0	174,070	0	0	0	
1994 Vietnam \$1	275,800	219,300	79.51%	56,500	20.49%	0.50	55.16%	31	27	10	2,758,000	0	179,270	0	0	0	
1994 Women in Militar	259,100	207,200	79.97%	51,900	20.03%	0.50	51.62%	31	27	10	2,591,000	0	168,415	0	0	0	
1994 Capital Bc \$1	341,619	274,355	80.31%	67,264	19.69%	0.50	68.32%	31	27	10	3,416,190	0	222,052	0	0	0	
1995 Civil War Battle \$	292,129	252,738	86.52%	39,391	13.50%	1.00	29.21%	31	27	7	2,044,903	670,959,966	0	0	0	0	
1995 Oly \$1	0	0	ERR	ERR	ERR	1.00	0.00%	31	27	7	0	0	0	0	0	0	
1986 STAT LIB \$5	499,261	404,013	80.92%	95,248	19.08%	0.50	99.85%	170	160	35	17,474,135	0	1,248,153	Est \$2.50/coin	0	0	0
1987 CONG \$5	865,884	651,659	75.26%	214,225	24.74%	1.00	86.59%	200	195	35	30,306,940	0	2,164,710	0	0	0	
1988 OLY \$5	413,055	281,465	68.14%	131,590	31.86%	1.00	41.51%	206	200	35	14,356,925	0	1,032,638	0	0	0	
1989 CONG \$5	211,589	164,690	77.83%	46,898	22.17%	1.00	21.69%	185	185	35	7,405,615	0	528,973	0	0	0	
1991 MT RUSHM \$5	143,960	111,991	77.80%	31,969	22.20%	0.50	28.79%	195	185	35	5,038,250	0	359,875	0	0	0	
1992 COLUM \$5	104,065	79,734	76.62%	24,331	23.38%	0.50	20.81%	195	185	35	3,642,275	0	260,163	0	0	0	
1992 OLY \$5	104,214	76,499	73.41%	27,715	26.59%	0.50	20.84%	195	185	35	3,647,490	0	260,535	0	0	0	
1993 MADISON \$5	101,917	78,651	77.17%	23,266	22.83%	0.30	33.97%	220	205	35	3,057,510	0	254,793	0	0	0	
1994 World Cup \$5	112,066	89,619	79.97%	22,447	20.03%	0.50	22.44%	185	170	35	3,922,310	0	280,165	0	0	0	
1994 WWII \$5	90,434	66,837	73.91%	23,597	26.09%	0.30	30.14%	220	200	35	3,165,190	0	228,085	0	0	0	
1995 Civil War Battle	54,443	43,764	80.38%	10,679	19.62%	0.30	18.15%	220	200	35	1,906,505	0	136,108	0	0	0	
1995 Oly \$5	0	0	ERR	ERR	ERR	0.30	0.00%	220	200	35	0	0	0	0	0	0	
1994 \$10 OLY GOLD	573,364	497,478	86.76%	75,886	13.24%	1.00	57.34%	352	339	50	28,668,200	0	4,300,230	Est \$7.50/coin	0	0	0
TOTALS	48,953,542	40,241,403	ERR	9,712,139	ERR	212.70	23.45%	0	0	666	350,160,670	1,559,733,952	60,369,636	0	0	0	
c.lpw/commcoin.																	

CHART PREPARED JUNE 8, 1995 BY DAVID L. GANZ. ALL RIGHTS RESERVED. (C) 1995 BY DAVID L. GANZ

WORLD CUP FIGURES AS OF JAN 6 1995 ARE SALES ONLY - \*STRIKED MUCH HIGHER.

## MODERN COMMEMORATIVE STATISTICS

Combined for %

1995 Oly 50 c

1995 Oly \$1

1995 Oly \$5

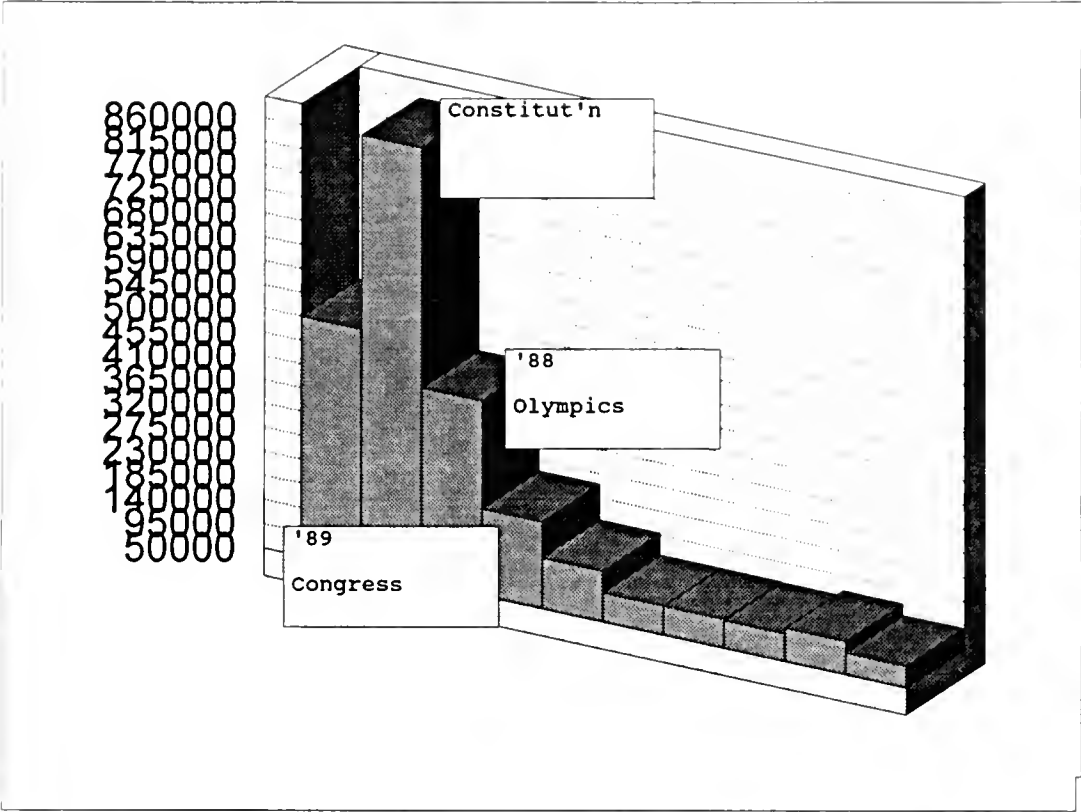
218,643

567,237

151,412

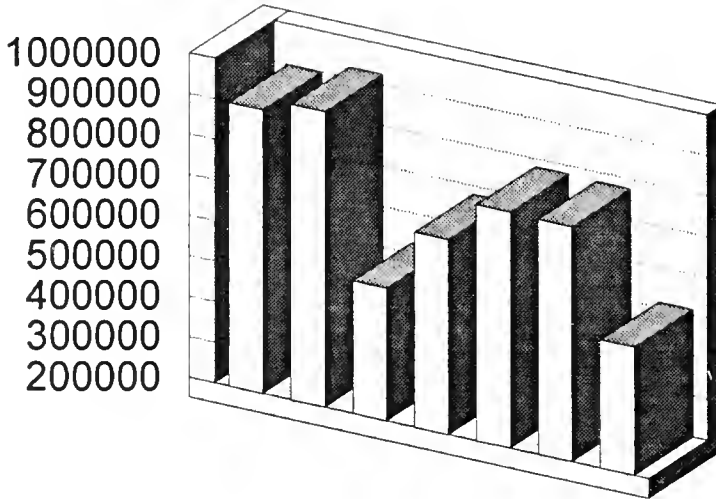
955,292

\$5 Dollar Commemorative Sales



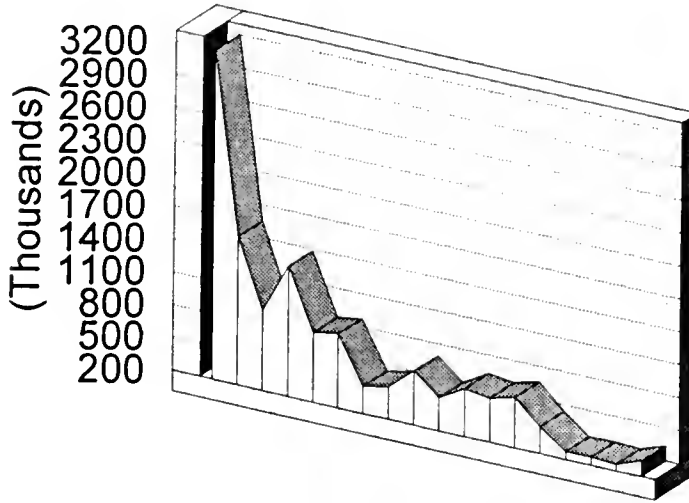
Half Dollar Commemorative Sales

## Comm Half Dollars



1989-1994

# Commem Dollars



1983-1994

Report to the Citizens  
Commemorative Coin  
Advisory Committee on  
Circulating Commemorative  
Coins

By DAVID L. GANZ\*

At its first meeting in Washington on December 14, 1993, an issue raised before the Citizens Commemorative Coin Advisory Committee dealt with the issuance of circulating commemorative coinage as contrasted with the non-circulating legal tender commemorative coins that, in recent years, have been struck by the Mint as authorized and directed by Congress.

Statutory Chair of the panel, Philip N. Diehl, executive deputy director of the United States Mint, requested that the Committee be briefed on the issues involving a circulating commemorative coin, consistent with the mandate of

the committee to make formal recommendations to Congress by year's end.

The Committee has viewed its mandate broadly, and from this directive by the Chair, it is hoped that legislation or Congressional rulemaking will result in diminished criticism of the existing commemorative coin programs, while simultaneously increasing the sales of existing and future programs.

To some extent, in my judgment, the Committee must be a lightning rod, and be audacious enough to take the lead on an issue where, by doing so, they can ultimately benefit all commemorative coin programs for the future.

Brief History of  
Commemorative Coinage

Commemorative coinage has existed since at least the time of the Roman Empire.<sup>1</sup> Coins of that era were utilized to pay homage to the Caesars,<sup>2</sup> to celebrate

victories on the battlefield,<sup>3</sup> and indeed, to communicate with the populace utilizing the one means—money—that every citizen utilizes for basic contact with the government. Indeed, these commemorative coins constitute a primary source for contemporary historical research as to what events took place in Roman times.<sup>4</sup>

Elements of coinage design—circulating and non-circulating—are closely regulated, and the design elements have historically been considered of paramount importance. Indeed, when the original Mint Act of April 2, 1792 was enacted, more time was expended in discussing the design elements on the coinage, and the portraiture that was to appear, than on the substance of the Mint's organizational structure.<sup>5</sup> A

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portrait, punning on the name of Julius Caesar's name. See Appendix A, page 1. Charlemagne had coins struck to celebrate his coronation as Emperor of what is today referred to as the Holy Roman Empire on Christmas Day in the year A.D. 800.

3. The Romans issued coinage under Vespasian and Titus bearing the motto IVDAEA CAPTA (Judea captured), commemorating the fall of Jerusalem in A.D. 70.

4. See Philip Hill, *Undated Coins of Rome* (Spink, 1970).

5. See Ganz, "Toward a Revision of the Minting and Coinage Laws of the United States,"

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1. If a broader definition is utilized, the practice of "making coin devices alluding to some locality, event or important personage... is nearly as old as coinage itself." Anthony Swiatek & Walter Breen, *The Encyclopedia of United States Silver & Gold Commemorative Coins 1892-1989* (rev. ed. 1989), p. xi.

2. In Ganz, *The World of Coins and Coin Collecting* (2d ed., Scribner's, 1985), a photograph and explanation appears of a coin bearing an elephant's



review of the early editions of the *Annals of Congress* (1791) reveals a major debate as to whether George Washington's portrait, or that of an object merely representing Liberty, should be utilized.<sup>6</sup> Many collectors are aware, and even collect, the pattern coins frequently described as "George Washington as King or Emperor," an allusion to the designs which were similar to that of King George III.<sup>7</sup>

Congress initially decided that circulating coinage would bear a design emblematic of Liberty, verbiage for which is found in the original minting act of 1792,<sup>8</sup> continued in the seminal Coinage Act of 1873,<sup>9</sup> and in the 1982 codification that is presently in effect. Coinage design, during the Mint's first 100 years utilized

portraiture of a female symbol of Liberty, appearing in a variety of different styles and designs.

The first American circulating commemorative coin was probably a counterstamped 1848 quarter eagle (\$2.50 gold piece) struck at the Philadelphia Mint from California gold. Known as the "Cal" quarter eagle, the coin has punched into its field the abbreviation "CAL.", intended to call attention to the great gold rush that began at Sutter's Mill.<sup>10</sup>

A half century later, in 1892, promoters of the 1893 International World's Fair and Columbian Exposition in Chicago proposed issuance of a special commemorative coin that had a face value of 50 cents, and an initial sales price of \$1.<sup>11</sup> The following year,

they proposed a woman's commemorative coin<sup>12</sup> with a portrait featuring an alleged likeness of Queen Isabella of Spain, the patron of Cristobal Colon.

The half dollar authorized was produced bearing 1892 and 1893 dates in its authorized quantity of five million pieces. It was intended to raise several million dollars for the sponsors, who had the exclusive right to purchase from the Mint and then to resell to the public. Beautiful in design,<sup>13</sup> the coin was to be sold as a souvenir at the Fair, not an unreasonable expectation.<sup>14</sup> As events turned out, the sponsors were unable to make their predicted

26 *Cleve. State L. Rev.* 175, 187 (1977). Hamilton spent a mere 21 sentences discussing organizational structure, A. Hamilton, *Report on the Establishment of a Mint* (1791) reprinted in 7 *Papers of Alexander Hamilton* 473 (Syrett ed. 1963).

6. 3 *Annals of Congress* 1344 (1792), Taxay, *U.S. Mint and Coinage* (1966).

7. See Appendix A, page 2.

8. Act of April 2, 1792, ch. 1, §10, 1 Stat. 264.

9. Act of Feb. 12, 1873, ch. 131, 17 Stat. 424.

10. See Appendix A, p. — for a photo of the coin and a brief background to its existence. The background was disclosed by, among others, R.S. Yeoman in his pioneer article —, published in *The Numismatist* in 1948. Q. David Bowers agrees that this is the first commemorative coin struck by the Mint. See *Commemorative Coins of the United States of America*, *op. cit.* (1991) at 22.

11. Act of Aug. 5, 1892, ch. 381, 27 Stat. 389 (Columbian exposition commemorative halves). The selling price is substantial, because the average weekly wage at the time was between \$5 and \$7, Bowers, *Complete Encyclopedia*, *op. cit.*, p. 97.

12. Act of Mar. 3, 1893, ch. 208, 27 Stat. 586 (silver quarter legal tender for Columbian exposition [Isabella Quarter])

13. See Cornelius Vermeule, *Numismatic Art in America* 91-93 (1971); Q.D. Bowers, *Commemorative Coins of the United States: A Complete Encyclopedia* (1991) p. 32, agrees, though he quotes an article appearing in the *American Journal of Numismatics* (1893) terming the design "a great disappointment".

14. Total attendance at the Fair was 27.5 million people, three times the number that attended the Centennial exposition in Philadelphia in 1876. See Eglit, *infra*, p. 9.

sales<sup>15</sup> and to recoup their investment, the sponsors placed hundreds of thousands of these Columbian exposition coins into circulation, where they eventually crept into pocket change. The coins circulated alongside regular issue pieces well into the 1960's, and I recall in my youth receiving circulated specimens in change.<sup>16</sup>

At the same time the Columbian Exposition coins were authorized, there were alternatives for commemoration, as well as for revenue. Numerous medals were produced. Some were the size of coins and are referred to today as so-called

dollars;<sup>17</sup> others were of larger, and smaller size, and are all conveniently catalogued for today's numismatist to collect and enjoy.<sup>18</sup>

In the 20th century, the first circulating commemorative was struck for the centennial of the birth of Abraham Lincoln, in 1909. The *Annual Report of the Director of the Mint*<sup>19</sup> simply noted that, "With the approval of the Secretary of the Treasury the new design for the bronze one-cent coin was adopted in April, 1909. On the obverse the head of Lincoln appears instead of the Indian head which this piece had borne since 1864. The engraver of the mint at Philadelphia was instructed to prepare dies and coinage of this piece was commenced in May...."<sup>20</sup>

<sup>15</sup>.Not surprisingly, this has been a consistent pattern in succeeding commemorative programs over the succeeding century.

Of five million pieces authorized, 3.6 million were unsold. Bowers, *Encyclopedia, op. cit.*, p. 103.

<sup>16</sup>. When the price of silver rose, and passed \$1.29 an ounce, most silver coinage began to be withdrawn from circulation, including the Columbian commemorative, and regular issue coinage. By 1965, many of these and other circulating silver coins had been withdrawn almost entirely from circulation. Q. David Bowers reports that a worn 1893 half dollar was the first coin that he acquired, as a gift from his maternal grandfather who took it from circulation. Q. David Bowers, *Commemorative Coins of the United States: A Complete Encyclopedia* p. 13 (1991).

<sup>17</sup>. See Hibbler & Kappen, *So Called Dollars* (1961), pp. 20-31, portions of which are attached Appendix A, pages \_\_\_\_.

<sup>18</sup>. See Nathan Eglit, *Columbiana: The Medallion History of Christopher Columbus and the Columbian Exposition of 1893* (Chicago: Hewitt Bros. 1965) (143 pages, listing approximately 600 different medals issued).

<sup>19</sup>. For the fiscal year ended June 30, 1909, Treas. Doc. 2568 (Washington: Government Printing Office, 1909), p. 11.

<sup>20</sup>The correspondence between the artist, Victor David

In March, 1931, Congress enacted legislation overturning a portion of the Act of Sept. 26, 1890 (limiting design changes to no more frequently than once in 25 years on circulating coinage) and specifically authorized and directed the Secretary of the Treasury "for the purpose of commemorating the 200th anniversary of the birth of George Washington, to change the design of the 25 cent piece so that the portrait of George Washington shall appear on the obverse, with appropriate devices on the reverse...."<sup>21</sup> In 1946, the Mint produced a Roosevelt memorial medal, and also introduced a new circulating commemorative coin design for the dime, bearing the portrait of the late president of the United States, Franklin D. Roosevelt.<sup>22</sup> Cornelius

Brenner, and its principal sponsor, President Theodore Roosevelt, make clear that it was intended to commemorate the centennial of the birth. As Brenner remarked, his mind was "full of Lincoln". See Taxay, *The U.S. Mint and Coinage* 330 (1966).

<sup>21</sup>. Act of March 4, 1931, ch. 505, 46 Stat. 1523. The coin was originally to have been a half dollar which would have been struck with a commemorative medal. See Taxay, *The U.S. Mint and Coinage* 360 (1966).

<sup>22</sup>. Taxay, *The U.S. Mint and Coinage* 372 (1966) shows

Vermeule, a numismatic art historian, terms the coin "the logical memorial for Franklin Roosevelt in the regular coinage."<sup>23</sup> A generation later, following the assassination of President John F. Kennedy, Congress enacted the law of December 30, 1963,<sup>24</sup> directing that the Franklin half dollar be replaced with a design "which shall bear on one side the likeness of the late president of the United States John Fitzgerald Kennedy," a motif which Vermeule terms a "hasty, emotional advent"<sup>25</sup> even though the design is "a tolerable, staidly handsome coin".<sup>26</sup>

At the start of the 1970's, another circulating commemorative coin was authorized, the Eisenhower dollar. The One Bank Holding Company Act of

1970<sup>27</sup> required a coin to "bear the likeness of the late President of the United States, Dwight David Eisenhower, and on the other side thereof a design which is emblematic of the symbolic eagle of Apollo 11 landing on the moon."

In 1973, Congress passed Public Law 93-127, which directed the Treasury Secretary to commemorate the bicentennial of the American Revolution with a reverse design change for the quarter dollar, half dollar and dollar coin, all of which were intended for circulation but of which only the quarter dollar really achieved circulation.<sup>28</sup> The colonial drummer boy on the quarter, dated 1776-1976 (and produced in 1975 and 1976 by the Mint) still can be found occasionally in circulation today, a unique reminder of our bicentennial celebration.

The half dollar (bearing Independence Hall on the reverse), and the dollar (Liberty Bell imposed on the lunar surface) never really achieved circulation. Occasionally, examples of the half dollar are found in

circulation. Collector versions of the coins were struck in silver-clad material, as required by law.<sup>29</sup>

Most recently, in 1979, a dollar coin commemorating Susan B. Anthony was produced by the Mint.<sup>30</sup> The reverse was directed to have "a design which is emblematic of the symbolic eagle of Apollo 11 landing on the moon." Its design was identical to that of the Eisenhower dollar authorized in 1970. The coin did achieve partial circulation in some areas of the country, and in that sense is a circulating commemorative coin,<sup>31</sup> but

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<sup>29</sup>. 45 million silver-clad coins were struck as directed by Congress. Many were not sold and were later melted. Other than metal content, the coins were identical to those issued for circulation in copper-nickel material.

<sup>30</sup>. Authorized by the Act of Oct. 10, 1978, Pub. L. 95-447, 92 Stat. 1072. The coin was not a commemorative coin in its traditional sense; however, Congress legislatively directed that the one dollar coin authorized by the Coinage Act of 1965 "shall bear on the obverse the likeness of Susan B. Anthony, and shall bear on the other side a design which is emblematic of the symbolic eagle of Apollo 11 landing on the moon."

<sup>31</sup>. Commemorative coins may honor persons, places or events. Relative to U.S. coins, some persons who have been honored include Daniel Boone, Booker T. Washington, George Washington Carver, and many others; events

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pattern designs bearing a 1945 date, made by Sinnock just after Roosevelt died.

<sup>23</sup>. Cornelius Vermeule, *Numismatic Art in America* 208 (1971).

<sup>24</sup>. Pub. Law 88-256, 77 Stat. 843 (Approved Dec. 30, 1963).

<sup>25</sup>. Vermeule, *Numismatic Art in America* 209 (1971).

<sup>26</sup>. *Ibid.*, p. 217.

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<sup>27</sup>. Pub. L. 91-608, Title II. 84 Stat. 1768 (Dec. 31, 1970).

<sup>28</sup>. The half dollar and dollar hadn't really circulated in years. For a comprehensive history, see Ganz, *14 Bits: A Legal & legislative history of America's bicentennial coins* (1976).

never achieved general circulation success.

#### Foreign Country Experience

Foreign countries have long utilized commemorative coinage in circulation-- not intended primarily for collectors-- as a means of commemorating contemporary events. For example, Queen Victoria's portrait changed several times during her long reign, and Queen Elizabeth II also has had portraiture change. Victoria's Jubilee was

celebrated with circulating commemoratives in 1887 (marking her 50th year on the throne). In 1965, the commemorate the passing of Sir Winston Churchill, a circulating Crown bearing his portrait on the reverse of the coin (Her Majesty Queen Elizabeth II appeared on the obverse of the coin) was authorized.

Long before modern, contemporary commemorative coin issues, there is a history of circulating commemoratives for a variety of other themes. For example, Albania commemorated the Marriage of King Zog in 1938 with a circulating 20 franc gold coin; Australia utilized a 1 Florin coin in 1927 to commemorate the establishment of Parliament (2 million pieces were struck); Argentina honored the centennial of San Martin in 1950 with the striking of 37 million 20 centavos pieces in nickel; for the centenary of the death of Franz Schubert, Austria struck 6.9 million two schilling coins in 1928; for the 175th anniversary of the Birth of Mozart in 1932, a half million two schilling coins were produced by Austria.

In 1936, Brazil struck a series of eight coins (in nickel, aluminum-bronze and minor metals) honoring men of outstanding achievement in art, industry and science. All circulated (and went on to be produced for several more

years). Canada commemorated the 1939 Royal Visit by King George VI with a silver dollar that was intended for circulation (1.3 million minted), while Egypt commemorated the 1956 nationalization of the Suez Canal Company with a 25 piastres coin (250,000 pieces produced). In 1910, Germany marked the founding of the University of Berlin (in 1809) with 200,000 three-mark coins (plus 2,000 proof pieces for collectors).

Great Britain honored the coronation of Elizabeth II in 1953 with a 5 million production run for a crown (40,000 proofs for collectors); Israel produced commemoratives for the Festival of Lights (Hanukkah) in 1958 (a 1 pound copper-nickel coin produced 250,000 for circulation, and 5,000 as proofs for collectors); New Zealand produced a 1 crown coin (1949) for a proposed Royal Visit that was ultimately cancelled (200,000 pieces entered circulation, anyhow). There are many others.<sup>32</sup>

#### Contemporary Olympic

include the Columbian Exposition of 1892-3; the sesquicentennial of 1926; the tercentenary of Long Island (N.Y.) of 1936, the centennial of many different states, and the contemporary occurrence of sporting events such as the Olympics or World Cup soccer. Places honored include (most recently) the 10th anniversary of the Vietnam Veterans Memorial in Washington, D.C., Mount Rushmore (also an event, its golden anniversary), and many others. Circulating commemorative coins, in the U.S., by contrast, are few; the presidential portraits used on the cent, nickel, and dime are all of a commemorative nature but are not generally thought of as being commemorative coins. The Washington quarter was created as a commemorative, but its continuity of issuance, year after year, seems to preclude its status in the mind of collectors. That is probably true of the Kennedy half and Eisenhower dollar as well. A truer definition of the type of commemorative that qualifies is the colonial drummer boy on the reverse of the quarter dollar, struck 1975-76 for the bicentennial. Afterwards, it retreated into history -- though its legacy remains in pocket change.

<sup>32</sup>. Thomas W. Becker, *Pageant of World Commemorative Coins* (1962) lists hundreds of contemporary issues on a variety of themes. Among them: the opening of the first road in Kweichow Province (a Chinese 1928 one dollar coin featuring an automobile).

commemorative coinage, in the post-war period, was initially intended for circulation. The government issuers were content to make profits on the seigniorage alone (the difference between face value and the cost to produce the coin, including its metal content).

For example, the Helsinki, Finland, Olympics of 1952 saw a 500-Markkaa coin issued (then worth a face of about \$2). Just over 600,000 pieces were issued in 1951-2 (seigniorage: \$1.027 million).<sup>33</sup> In 1964, for the Winter Olympics, Austria struck a 50-Schilling piece (producing 2.9 million pieces with a seigniorage of about \$3 million, based on a face value of about \$2 and metal (silver) content and production costs of about 85 cents apiece).<sup>34</sup> That same year, in 1964, Japan issued its first ever commemorative circulating coins for the Summer Games and produced 80 million 100 Yen coins in .600 silver (seigniorage of \$14.5 million) and 15 million pieces in 1,000 Yen denomination (then valued at \$3.35) for a seigniorage of about \$36 million.<sup>35</sup>

For the 1968

Olympics, Mexico issued a silver 25 peso coin for circulation (30 million were produced, with a seigniorage of about \$48 million). In 1972, for the Winter Games at Sapporo, Japan issued some 30 million copper-nickel 100 Yen coins, nearly all of the value of which was seigniorage.<sup>36</sup> Germany issued silver coins for circulation (more than 100 million pieces were produced in six different series, produced at four different mints, including a proof-rendering for collectors). They yielded over \$200 million in seigniorage. The coins circulated widely in Germany.

By the time of the 1980 Summer Olympic Games, there was a substantial commemorative coin program utilizing gold, silver and platinum coins for the Soviet Union. There also were copper nickel coins issued for the public at larger at face value. A one rouble coin commemorating the XII Olympiad Moscow was issued (8.6 million struck and issued for circulation and issued at face value, for example, on the coin depicting the Olympic Games emblem; other copper-nickel coins had mintages in the four to six

million piece range).<sup>37</sup>

Canada has issued circulating, legal tender commemoratives. In 1967, it celebrated its centennial with a series of design changes. On the quarter, for example, a walking wildcat replaced the familiar caribou with the dates 1867-1967; some 49 million pieces were produced. The 1973 centennial of the founding of the Royal Canadian Mounted Police on the 25 cent coin is another example. Some 134 million pieces were minted for general circulation before the caribou reverse returned (about 243,000 collector coins were also produced in special sets).

Again using the Canadian quarter dollar in 1992, the caribou was replaced utilizing a daring approach: "During each month of 1992 the Royal Canadian Mint issued a 25-cent coin bearing a unique design to represent one of the 12 provinces and territories. Each coin was launched at a special event... The designs for the 13 coins [were] issued to celebrate the 125th birthday [of Canada] (a one dollar coin was issued for Canada Day 1992)..."<sup>38</sup> The average

<sup>33</sup>. Peter W. Broecker, *Olympic Coins from Antiquity to the Present* 25 (1973).

<sup>34</sup>. *Ibid.*, p. 27.

<sup>35</sup>. *Ibid.*

<sup>36</sup>. Michelle Menard, *Coins of the Modern Olympic Games*, vol. 1 (1991) p. 67.

<sup>37</sup>. *Ibid.*, p. 120-125.

<sup>38</sup>. *The Charlton Standard Catalog of Canadian Coins*, 47th ed. 1003 (p. 109). The designs are found in Appendix A, p. —.

mintage for each of these circulating issues was above 7 million coins; proof issues were also produced and sold at a modest price of under \$10 apiece). Each of these instances had a common goal: to popularize the coins themselves by producing a circulating counterpart. The circulating counterpart did not detract from the sale of the collector coins. On the contrary, it heightened the interest.

Circulating coinage for various events such as centennials of independence, or other similar anniversaries, are well-known throughout the world. As of 1973 (before the modern era of commemorative coin explosion), more than 57 countries had in fact taken this approach to commemorative coinage, though many also produced precious metal versions for collectors.<sup>39</sup>

Simply by way of example, in 1969 Albania

issued aluminum coins in 5, 10, 20, and 50 quindarka and 1 Lek commemorating the 25th anniversary of liberation; Algeria did a 10th anniversary of independence and FAO (Food and Agriculture Organization of the United Nations) coin in copper nickel (1 dinar, 1972) and brass (20 centimes).

Argentina struck a 10 pesos coin in nickel-clad steel for the sesquicentennial of independence in 1966, as did Brazil in 1972 (1 cruzeiro in nickel, 20 cruzeiros in silver, and 300 cruzeiros in gold).

More contemporaneously, the Food & Agriculture Organization of the United Nations, oldest of the independent United Nations agencies (founded in 1945), sponsored a program that ultimately encompassed more than 100 countries in issuing circulating coinage with a common theme: Grow More Food and for All. The FAO coin program<sup>40</sup> started with the premise that coins are the sole means that every citizen of every country in the world has in maintaining contact with their government. By utilizing an important

message (for example, grow more food) the government had the means of apprising its population of the perceived importance of this concept. Ultimately, diverse governments produced circulating commemorative coins with this theme.<sup>41</sup>

#### Concluding Comments

It would be naive to suggest that the only commemoratives worthy of circulating in pocket change ought to be produced by the United States Mint or indeed any world minting authority. However, as the evidence shows, many countries outside the United States utilize coinage as a medium of expression to the population as a whole for certain

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<sup>41</sup>. They included, among others, Algeria, Bahrain, Bangladesh, Bhutan, Bolivia, Botswana, Brazil, Burma, Burundi, Cyprus, Dominican Republic, Egypt, Ethiopia, Fiji, Gambia, Guyana, Haiti, Honduras, India, Indonesia, Iran, Iraq, Isle of Man, Jamaica, Jordan, Korea, Lebanon, Liberia, Madagascar, Maldives, Mali, Morocco, Nepal, Nicaragua, Oman, Order of Malta (Rome), Pakistan, Panama, Philippines, Poland, Rwanda, San Marino, Sao Tome & Principe, Saudi Arabia, Seychelles, Sierra Leone, Singapore, Somalia, Sri Lanka, Sudan, Swaziland, Syria, Tanzania, Thailand, Tonga, Trinidad & Tobago, Tunisia, Turkey, Uganda, United Arab Emirates, Uruguay and Vatican City.

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<sup>39</sup>. The coins and the countries are collected conveniently in M. Russell, "Statement before the Subcommittee on Consumer Affairs", in *Hearings before the Subcomm. on Consumer Affairs on Bicentennial Coinage, Commemorative Medals, Commemorative Coins, Grants to Eisenhower College from Coinage Receipts*, Comm. on Banking & Currency, 93rd Cong., 1st sess. 48-54 (1973). Mrs. Russell was the editor of *Coin World* at the time the testimony was offered.

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<sup>40</sup>. I was affiliated as a consultant to the FAO program in 1975 in Rome and participated subsequently, as their counsel, in a variety of matters concerning the international marketing of the collector's version of the coins, and other matters. The views expressed are strictly my own.

commemorative themes.

It is suggested that as a guidepost, the Citizens Commemorative Coin Advisory Committee adopt as a recommendation a resolution providing that at least one (1) coin issue each year be produced as a circulating commemorative coin issue; that a sufficient quantity be produced to effectively circulate the coin; that a special collector version (in precious metal, as a proof issue; or in base metal, as a proof issue, or both) be produced; and that any design or theme chosen be of a character of sufficient importance as an event to warrant its introduction into commerce as a circulating commemorative coin.

The recent Canadian experience with its quarter dollar (and, indeed, the American experience with its bicentennial quarter) suggest that the 25 cent denomination could be utilized for this. If a small-sized dollar coin were to circulate (in substantial quantity), it would also be an appropriate vehicle for this commemoration.

#### Suggested Motion

RESOLVED that the Citizens Commemorative Coin Advisory Committee recommends to the Secretary that at least one coin issue each year be produced as a circulating commemorative coin issue; that a sufficient quantity be produced to

effectively circulate the coin; that a special collector version be produced as well for sale to the Mint list, and to others; and that any design or theme for such coin be of a character of sufficient importance to warrant its issue.

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## DAVID L. GANZ

DAVID L. GANZ is a 43 year old lawyer who is managing partner and principal litigator in the law firm of Ganz & Sivin, P.A. for Fair Lawn, N.J. and Ganz, Hollinger & Towe in New York City. A prolific author in a variety of different fields, his books include *A Critical Guide to Anthologies of African Literature* (1973), *14 Bits: A Legal & Legislative History of 31 USC §§324d-i* (1976), *The World of Coins & Coin Collecting* (Scribner's 1980, 2d edition 1985), and a number of law review articles. These include: "The U.N. and the Law of the Sea", 26 *International & Comparative Law Quarterly* 1-53 (1977), "Toward a Revision of the Minting & Coinage Law of the United States", 26 *Cleveland State Law Review* 177-257 (1977), "Probative Value of Currency Dating for Income in Respect of a Decedent," 51 *N.Y.S. Bar Journal* 487-491 (1978). More recently, his publications include "Valuation of Coin Collection," 5 *Proof of Facts* 3rd 577-655 (1989), "Legal Ethics: When A Lawyer's Obligation Begins (and Ends)," 125 *N.J. Law J.* 1742 (June 28, 1990), reprinted in *Lawyer's Liability Rev. Q.J.* 3-6 (April, 1991), "Rent Control", in R. Irwin, ed., *Handbook of Property Management* (N.Y.: McGraw Hill, 1986) pp. 333-350, and an interesting newspaper article, "Drop dollar bills; we need \$1 coins," *USA Today*, May 23, 1990, p. 10A (Guest Columnist, "Face-Off"). He previously edited a book on America's Coinage Laws (1792-1894) (Bowers & Merena, 1991).

A graduate of the School of Foreign Service at Georgetown University (Class of 1973) where he followed President Bill Clinton by five years, he took a law degree at St. John's University Law School and did post-graduate legal studies in the masters of law program at New York University. He also studied international law at Temple University (Philadelphia) Law School in Rome, Italy, while working for the Food & Agriculture Organization of the United Nations. In 1994, he was awarded the Order of St. Agatha (Commander) by the Republic of San Marino.

He has been asked to testify before the Subcommittee on Consumer Affairs and other subcommittees of the House Banking committee on more than a dozen occasions since 1974 and has an active legal practice. A former member of the Committee on State Legislation of the Association of the Bar of the City of New York, and subcommittee chairman of the Evidence & Disclosure unit of the Civil Practice Law & Rules Committee of the New York State Bar Association, he is qualified in the first panel of certified arbitrators for the U.S. District Court for the Eastern District of New York, and New Jersey, and is an arbitrator and mediator in the Superior Court program in Bergen County, New Jersey.

Widely respected by his peers, he is listed in the Martindale-Hubbell legal directory with an a-v rating (highest rating), and his accomplishments are listed in *Who's Who of American Law*, *Who's Who in the East*, *Who's Who in New Jersey*, *Who's Who in American Numismatics* and other publications. He has served as a member of the Board of Adjustment for Fair Lawn, N.J., appointed by the Mayor and Council since 1985, being elected Secretary in 1985, and Chairman of the Zoning Board in 1993. He lives in Fair Lawn and has three children, Scott, Elyse and Pamela.

In his spare time, he is a coin collector. A life fellow (one of 200 voting members) of the American Numismatic Society, for the past 10 years has been an elected member of the Board of Governors of the American Numismatic Association, which is the largest, educational non-profit organization of collectors in the world. He became the organization's 48th president in July, 1993. In December, 1993, Treasury Secretary Lloyd Bentsen appointed him a charter member of the Citizens Commemorative Coin Advisory Committee. He was reappointed in 1995 for a second one year term. For relaxation, he plays tennis, golf, and reads biography.

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## David Ganz

David Ganz is the current president of the American Numismatic Association, and has been an elected member of the Board of Governors for the past ten years. He is also a life fellow of the American Numismatic Society. He was appointed a charter member of the Citizens Commemorative Coin Advisory Committee in 1993, and reappointed in 1995.

Mr. Ganz is the managing partner and principal litigator for the law firm of Ganz & Sivin, P.A. in Fair Lawn, N.J. and Ganz, Hollinger & Towe in New York City.

He has previously testified before the Subcommittee on Consumer Affairs and other subcommittees of the House Banking Committee numerous times since 1974. A prolific writer, he has authored books and articles on a wide variety of topics. His coinage book was entitled *The World of Coins & Coin Collecting*. His many articles have included *Toward a Revision of the Minting & Coinage Law of the United States*; *Probative Value of Currency Dating for Income in Respect of a Decedent*; *Valuation of Coin Collection and Drop Dollar Bills*; *We Need \$1 Coins*. He also edited a book on America's Coinage Laws.

Mr. Ganz received his law degree from St. John's University Law School, and graduated from the School of Foreign Service at Georgetown University. He has also studied international law at Temple University (Philadelphia) Law School in Rome, Italy. As a member of the New York State Bar, he is qualified in the first panel of certified arbitrators for the U.S. District Court for the Eastern District of New York and New Jersey.

STATEMENT OF PHILIP N. DIEHL  
DIRECTOR - UNITED STATES MINT  
SUBCOMMITTEE ON DOMESTIC AND INTERNATIONAL MONETARY POLICY  
HOUSE BANKING COMMITTEE  
WEDNESDAY, JULY 12, 1995

Mr. Chairman and Members of the Committee:

During my Senate confirmation hearings last year, I made a commitment to the Congress -- and to my customers -- that one of my top priorities as Director of the United States Mint would be to work with the two Banking Committees to reform the Mint's troubled commemorative coin program. It is with considerable pleasure that I appear before you today in my separate roles as Director of the Mint and Chairman of the Citizens Commemorative Coin Advisory Committee (CCCAC) to launch formally with you the process by which I hope, by the end of this session of Congress, we will have wrought major changes in the way commemorative coin programs are authorized by Congress and in the way they are administered by the Mint.

Mr. Chairman, I know you share that goal. In the six short months you have been chairman of this committee, you have exercised insight and leadership to moving us in the right direction. Your strong public statement last January regarding the need to restrain proliferation of commemorative programs enacted by Congress has slowed the momentum of the two-dozen proposals now pending before this body. What's more significant, you have raised the threshold requirements under which this subcommittee holds hearings on commemorative proposals, again slowing the rush to enact more and more programs. You also have

provided strong support for the Mint's revolving fund proposal, a crucial component in our efforts to lower the costs and prices of our commemorative products.

And now today, you have called this important hearing to air issues surrounding the status of the Mint's commemorative coin program. For that, I thank you -- on behalf of all of us at the U.S. Mint who must administer these programs and also, I think, on behalf of a million-and-a-half Mint customers across this country.

Before I proceed, I would like to introduce the members of the CCCAC who are with us today:

- Mrs. Elvira Cain-Stefanelli -- Executive Director of the National Numismatic Collection of the Smithsonian Institution's National Museum of Natural History. She is the author of books, brochures, and articles about history and numismatics.
- David Ganz -- President and Legislative Counsel of the American Numismatic Association ... a practicing attorney ... author of numerous legal and numismatic articles reprinted in *The Congressional Record*.
- Mrs. Elsie Sterling Howard -- Consultant Director with Women's Services, Women's Healthcare Specialists, the Sylvester Comprehensive Cancer Center, and the Miami Heart Institute ... recipient of many recognitions, including the

Alumni Award of Merit from the University of Pennsylvania.

- Mr. Reed Hawn -- Businessman with interests in oil & gas, ranching, and numismatics as a collector, trader, investor and student. He has contributed to leading numismatic books and provided research for auction and sales companies.

- Mr. Danny Hoffman -- 18 years old and newly graduated from high school ... a member of several coin associations ... also the author of published numismatic articles.

- Mr. Thomas Shockley -- Executive Vice President of Central and South West Corporation in Dallas ... former President and CEO of Central Power and Light Company ... a member of the Board of Directors of Central Power and Light, M-Bank of Corpus Christi, the Corpus Christi Chamber of Commerce, the Economic Development Corporation, and the Board of Governors of United Way.

This committee has much to be proud of, and for the record I have included a summary of the committee's achievements in its first 18 months.

**ACHIEVEMENTS OF THE CCCAC IN ITS FIRST 18 MONTHS**

- Issued our first annual report to the Congress proposing a five-year plan of national commemorations, including two programs of special interest to the numismatic community: a recognition of the bicentennial of the U.S. Mint with a 1995 program commemorating 200 Years of U.S. Gold Coinage and a 1996 program providing significant financial resources to the National Numismatic Collection of the Smithsonian Institution commemorating the 150th Anniversary of the Smithsonian.
- The CCCAC report also includes a comprehensive package of reforms of the U.S. Mint's commemorative coin program including changes in the way programs are authorized, enhancement of the authority of the CCCAC in the authorization process, limitations on the size and number of programs authorized each year, elimination of the practice of adding surcharges to coin prices, and changes in the rules under which commemorative legislation is considered by the House and Senate Banking committees.
- Enlisting the support of Treasury Secretary Bentsen during the summer of 1994, the CCCAC aggressively opposed passage of a second package of commemorative programs under consideration by the Congress. The proposals subsequently died with the adjournment of the 103rd Congress.
- The CCCAC has persuaded the U.S. Olympic Committee and the Atlanta Committee for the Organization of the Games to support a substantial reduction in the 1996 mintages of the 1995/96 Olympic coin program. Senator Sam Nunn has agreed to carry legislation making this reduction. This will be the first time any modern commemorative program has had mintages reduced after enactment of authorizing legislation.
- The CCCAC has played an important educational role in raising awareness of the need for comprehensive reform of the Mint's commemorative coin program. It has played that role through briefing of members of Congress and their staff, public and private discussion forums with numismatists and sponsoring organizations, and through ready access to the numismatic press and individual coin collectors.
- Through its review authority over Mint commemorative designs, CCCAC has assisted in improving the quality of designs appearing on Mint commemoratives since the 1994 Jefferson coin program.

## CUSTOMER ASSESSMENTS OF THE MINT'S COMMEMORATIVE PROGRAM

Mr. Chairman, today you have heard a great deal about what is wrong with these commemorative programs. Indeed, there is much to be said on the subject, and I will add my assessment. But I think it is also important to recognize some things that are right. As Director of the Mint, I am pleased to be able to include in my testimony the results of a survey of 1,100 randomly selected Mint customers conducted earlier this year by the survey research firm of Schulman, Ronca, & Bucuvalas, Inc.

I think all of the witnesses here today would like to speak to these issues for the American coin collector. That's as it should be. But, Mr. Chairman, these poll results provide us a way to hear directly from the Mint's customers, and I suspect you'll be as interested in the results as I have been.

First, it is clear that our customers give the Mint very high marks as a supplier of commemorative and other numismatic coins and bullion products. Fully 87 percent rate us "very good" or "excellent" and only 1 percent rate us fair or worse. Mr. Chairman, I dare say that most private sector enterprises would give their eyeteeth for customer evaluations like this.

Given the controversy surrounding the commemorative programs, one might expect our commemorative customers to be more critical. That doesn't appear to be the case. Commemorative buyers consistently give us very good to excellent ratings of between 70 percent and 90 percent on a wide range of evaluations covering order accuracy, product quality, customer service and

timeliness of deliveries. Our only possible weakness is in the area of price. Nonetheless, almost 80 percent of our commemorative buyers rate the price of their most recent purchases as good or better.

A real surprise, Mr. Chairman, came when we asked our commemorative customers if the Mint produces too many commemorative programs. A majority said no. 46 percent thought the number of programs was about right and 5 percent thought there were too few. Nonetheless, 44 percent said there were too many programs, an evaluation which I subscribe to. It should be noted that this question focused on the number of programs, not on the mintage levels of those programs. I suspect we would have gotten very different results if we had asked if the mintages associated with those programs are too high.

So in summary, the Mint's customers are far less critical of the state of the commemorative program than you would be led to believe by reading the editorial pages or letters to the editor in the numismatic press. This is understandable, for, after all, coin collecting is a hobby meant for enjoyment. I make this point, Mr. Chairman, because I think we need some perspective on the matter. This survey found no reason to believe there is a groundswell among our commemorative customers for ending the modern commemorative series administered by the Mint. In fact, all evidence points to strong support for continuing the program while fixing what's wrong with it.

U.S. MINT CUSTOMER ASSESSMENTS OF MINT  
PRODUCTS, SERVICES AND PRICES  
Source: 1995 U.S. Mint Customer Satisfaction Survey

Q: Overall, how would you rate the Mint as a supplier of coins and other products?

Excellent	56%
Very good	31%
Good	12%
Fair or worse	1%

Q: Overall, how would rate Mint products as an investment?  
(Responses limited to those who purchased for investment.)

Excellent	10%
Very Good	28%
Good	29%
Fair	14%
Poor or Worse	11%

Results for the following questions are limited to customers who have purchased commemorative coins in past two years.

Q: How would you rate the Mint on ....?

	Excellent	Very Good	Good	Fair or Worse
Order accuracy	74%	21%	5%	less than 1%
Product quality	68	25	6	less than 1
Delivery reliability	52	30	14	2
Timely delivery	41	31	18	7
Customer Service	41	32	14	3
Responsiveness	40	29	15	4
Prices	19	22	21	13
Handling Complaints*	13	10	4	2

\* 71% of respondents stated they never had a complaint.

NOTE: Responses may not add to 100% due to "no opinions."

Q: Overall, how would you rate the quality and price of the products you received from your most recent purchase?

	Excellent	Very Good	Good	Fair or worse
Quality	66%	23%	4%	less than 1%
Price	21	34	24	15

Q: Do you think that the Mint produces too many commemorative programs, too few, or about the right amount?

Too many	44%
About right	46%
Too few	5%



## A PROFIT CENTER FOR THE TREASURY

There is more that is right with these programs, Mr. Chairman. They are a money-maker for the U.S. Treasury. Since 1982, the U.S. Mint's commemorative programs have generated almost \$650 million in net revenue for the federal treasury in program profits and in proceeds from the sale of one million ounces of gold and 30 million ounces of excess silver from the nation's stockpiles. That's \$650 million in taxes that didn't have to be borne by American taxpayers, or \$650 million in deficit spending we were able to avoid.

It's a symptom of the problems that have emerged in recent years, however, that over 90 percent of the profits earned came during the first 10 programs. The profitability of the last nine programs, since 1992, has been marginal at best. In fact, the only two programs in the entire series that have posted a net loss came during 1994 when Congress mandated six programs in a single year, as many programs as we had in total between 1982 and 1989. But I am convinced, Mr. Chairman, that if we fix what is wrong we can return these programs to profitability.

## A LEGACY FOR AMERICAN NUMISMATICS

Finally, despite the controversy associated with the practice of adding surcharges to the price of our commemorative coins -- a practice I personally would like to end -- there has been considerable good that has come from the funds raised for a wide variety of philanthropic purposes. Since 1982, the Mint's

commemorative programs have raised over \$300 million . . .

- for restoration of the Statue of Freedom on the Capitol dome
- for construction of a visitors center at the Capitol to guide Americans who come to see this temple of democracy
- for study and teaching fellowships related to the U.S.

Constitution

- for restoration of the Statue of Liberty and the White House
- for construction of U.S. Olympic training facilities and for the training of American Olympic hopefuls
- for preservation of national landmarks such as Monticello, Mount Rushmore, the Vietnam Veterans Memorial, and -- among the most sacred ground in America -- battlefields of the American Civil War.

This is only a sampling. There are many other worthy causes that have benefitted from the largess of American coin collectors.

Mr. Chairman, there is much that is good for American coin collectors, for the American taxpayer, and for the American people -- if we are able to reform the Mint's commemorative program and put it on the right track.

#### MISCONCEPTIONS REGARDING COMMEMORATIVE PROFITS

One of the criticisms of the Mint's commemorative program you have heard today is that the Mint earns inordinate profits from these programs. Based on publicly available financial records of the Mint, this simply is not true.

DEPARTMENT OF TREASURY  
UNITED STATES MINT  
COMMEMORATIVE COIN PROGRAMS THROUGH FISCAL YEAR 1994 (\$ IN MILLIONS)

11-Jul-95

Exhibit 3

PROGRAM	TOTAL NET SALES REVENUES	PROGRAM OPERATING EXPENSES	SUR - CHARGES	PROFIT ON SALE OF GOLD & SILVER	PROGRAM PROFIT TO THE GENERAL FUND	PROGRAM PROFIT TO THE U.S. MINT PEF FUND	PROGRAM PROFIT MARGIN
			(B)	(C)	(D)		(E)
82 GEORGE WASHINGTON	\$71.8	\$30.3	N/A	\$27.1	\$14.4		20%
84 OLYMPIC	\$315.3	\$104.2	\$73.5	\$127.3	\$10.3		3%
86 STATUE OF LIBERTY	\$290.0	\$120.4	\$83.2	\$57.8	\$28.6		10%
87 CONSTITUTION	\$256.4	\$68.4	\$52.7	\$100.7	\$34.6		34%
88 OLYMPIC	\$111.1	\$45.1	\$22.9	\$42.1	\$1.0		1%
89 CONGRESS	\$71.2	\$29.7	\$14.6	\$20.9	\$6.0		8%
90 EISENHOWER	\$40.0	\$27.2	\$9.7	\$4.2	(\$1.1)		22%
91 MT. RUSHMORE	\$62.7	\$26.3	\$12.1	\$14.0	\$10.3		16%
91 KOREAN	\$22.5	\$12.7	\$5.8	\$1.6	\$2.4		11%
91 USO	\$12.0	\$8.1	\$3.1	\$0.8	\$0.0		13%
92 OLYMPIC	\$46.6	\$26.2	\$9.2	\$9.4	\$1.8		4%
92 WHITE HOUSE	\$13.4	\$6.6	\$5.0	\$1.0	\$0.8		6%
92 COLUMBUS	\$36.3	\$14.0	\$7.6	\$8.7	\$6.0		17%
93 MADISON	\$46.8	\$25.0	\$9.2	\$9.1	\$3.5		7%
93 WORLD WAR II (A)	\$32.0	\$13.3	\$7.8	\$7.2		\$3.7	12%
94 WORLD CUP (A)	\$44.2	\$29.1	\$9.1	\$8.7		(\$2.7)	-6%
94 JEFFERSON	\$18.7	\$11.1	\$6.0	\$1.4		\$0.2	1%
94 VETERANS (A)	\$17.6	\$9.7	\$6.6	\$1.7		(\$0.4)	-2%
94 CAPITOL (A)	\$1.7	\$3.1	\$0.7	\$0.1		(\$2.2)	N/A
TOTALS	\$1,510.3	\$610.5	\$338.8	\$443.8	\$118.6	(\$1.4)	12%

- (A) Preliminary results as of 09/30/94. The Veterans program incorporates three separate commemorative programs: Women in Military Service, Vietnam Veterans Memorial, and POW/MIA.
- (B) 100% of Constitution and Eisenhower surcharges were deposited to the General Fund. 50% of USO surcharges were deposited to the General Fund and 50% were distributed to the USO. Surcharges of all other programs were distributed to outside organizations.
- (C) Profit on silver is market value less \$1.29. For George Washington and 1984 Olympic, this profit was on Treasury silver, for all other commemoratives it was payments to Defense Logistics Agency. Profit on gold is market less \$42.22.
- (D) Profits do not include surcharges deposited to the General Fund. See footnote B.
- (E) Program profit margin calculations include surcharges deposited in the General Fund.

I have included in my testimony a summary of the costs, revenues and profits of every modern commemorative program through 1994. This chart demonstrates that the average profit margin for these programs has been 12 percent. In fact, profits have declined during the 1990s as the Mint has struggled to maintain sales in the face of a glut of commemorative programs, excessive mintage levels, and rising surcharges. Between 1982 and 1991, the average profit margin was 14 percent. Since 1991, margins have fallen to 7 percent, and in 1994 the Mint actually registered a loss in its commemorative lines of business. I will note here, Mr. Chairman, that I expect a return to profitability in 1995, largely due to the success of our Olympic coin program.

Furthermore, the claims we have heard that the Mint itself has reaped unconscionable profits from these programs is dead wrong. Since profits from commemorative programs have been deposited in the Mint's Public Enterprise Fund beginning in 1993, these programs have generated little or no profit. Since 1982, virtually all commemorative profits have gone to the General Fund, not to the Mint.

Finally, the claim that the sale of gold and silver through our commemorative programs has reaped unreasonable profits for the Treasury is also misinformed. This claim is based on the fact that the government's books carry silver at \$1.29 per ounce and gold at \$42.22 per ounce while the Mint purchases these metals at current market prices. It should be noted that the

difference between the book and market value accrues not to the Mint but to the General Fund.

At first blush, the difference between a \$42 book value and \$380 market price for gold might lead a naive observer to conclude that the Treasury earns a huge profit from these transactions. However, this analysis overlooks the fact that the \$42 book value is an artificial, historical price that is many decades old. If we consider the time value (inflation adjusted) of this asset plus the expense of storage and security over many decades, I suspect the government is merely recovering its costs in these transactions.

Moreover, the alternative to selling these assets at market value would be to allow coin collectors to acquire them at a discount off market. I can assure you, Mr. Chairman, that I would look forward to setting new sales records if we were allowed to sell gold and silver at a discount off the market, but I think it would be a difficult practice to justify to American taxpayers.

#### COMMEMORATIVE PRICES ARE TOO HIGH

I will agree, however, that the prices of the Mint's commemoratives are too high -- not because the profits are excessive, but because the cost basis for these programs is too high and surcharges have been rising. We are undertaking aggressive action to trim overhead costs at the Mint, and I am hopeful that Congressional approval of a Mint-wide revolving fund

will allow us to reduce prices in the next 12 to 18 months. We have put a lid on price increases since the 1994 Jefferson program, more than a year and eight programs ago. Over that period, price increases have been largely the result of differences in Congressionally-mandated surcharges.

When I came to the Mint in late 1993, it soon became clear to me that my customers had three fundamental complaints. One complaint was with the slow delivery of products, a problem we have solved to rave reviews of our customers and the numismatic press.

The second and third complaints were with rising prices and low secondary market values of our commemorative products. These two problems are linked, and with your help, Mr. Chairman, I believe we can solve both of them over the next year. If the Mint continues to lower the cost-basis for these programs and Congress passes the Mint's revolving fund proposal while exercising restraint in the approval of mintage levels and in setting surcharges, I believe we will be able to lower prices and increase secondary market values of our commemorative products.

#### REFORMING THE MINT'S COMMEMORATIVE PROGRAM

As Chairman of the CCCAC, I turn to the CCCAC's recommendations for addressing the challenges faced in reforming the Mint's commemorative program, recommendations contained in greater detail in the CCCAC's first annual report to the Congress issued last November. In that 60-page document, the committee

concluded that the serious decline in the commemorative coin market dictated that first priority must be to halt proliferation of commemorative coin programs. In saying so, the committee reinforced a conclusion Congress reached in 1992 when it established the CCCAC and repeated in a Sense of the Congress Resolution in 1993 -- namely, that Congress is authorizing a rapidly expanding number of coin programs while the market for commemorative coins is shrinking.

#### Curtailing Excess Programs

To give you an idea of the problem's seriousness: Since 1982, Congress has mandated 28 commemorative coin programs. Congress mandated that seven programs be produced during the first nine years, the period including 1982 through 1990. Demand for new programs rocketed as more organizations discovered that coin programs produce revenues more quickly and reliably than the Congressional appropriations process. Congress mandated nine programs to be produced during 1994 and 1995 -- more programs in two years than were mandated during the first nine years -- including the largest coin program in U.S. history, 18 million coins.

In today's market, the Mint generally expects to sell no more than 3 to 4 million coins a year, regardless of how many millions are authorized. In fact, commemorative coin sales have been in decline over the past decade as collectors have grown increasingly frustrated with their lack of an effective voice in

the commemorative coin approval process.

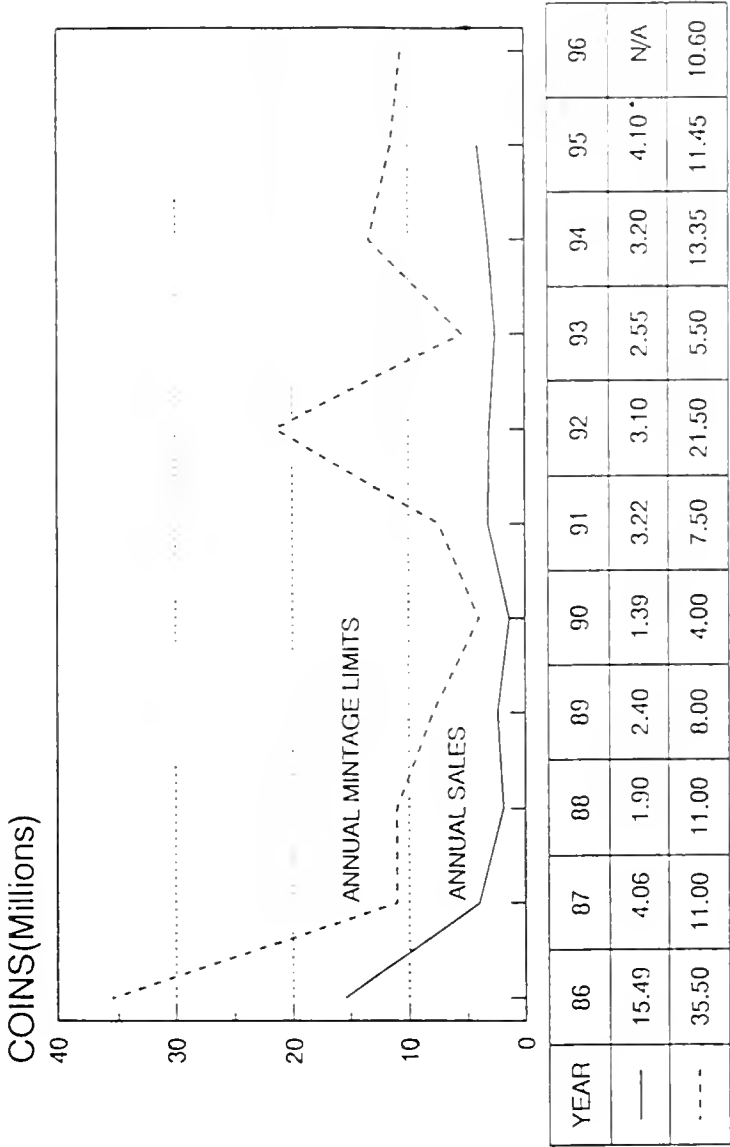
Unfortunately, skepticism and resentment among our core customers appear to have produced an informal boycott of several of our 1994 and 1995 commemorative programs. Domestic commemorative sales have been weak for eight out of nine programs launched since January 1994. The 1994 Jefferson coin program was the sole exception, and 1995 Olympic commemorative sales have been stronger than expected thanks to a vigorous international effort and strong initial retail demand, offsetting weaker than expected domestic numismatic demand.

#### Reducing Mintages

As the CCCAC further recognized in its *Report to Congress*, even more important than limiting the number of programs each year, we must reduce maximum authorized mintages of these programs. Restricting the supply of coins creates potential for commemorative coins to retain their value in secondary markets, rewarding collectors who bought them and generating greater interest in subsequent commemorative programs. That's why the CCCAC supports legislation which lowers the mintage levels for the 1995-96 Olympic coin program and why we have worked long and hard to persuade sponsoring organizations to lower their expectations regarding authorized mintage levels.



Graph 1A: U.S. Mint annual commemorative coin sales have fallen by 75% since 1986. Annual mintage limits are consistently set far above market demand, contributing to depressed values for Mint products in secondary markets and lack of collector confidence in the value of current and future commemorative products. While total annual sales have risen slightly since 1990, they are being divided among an increasing number of programs.



\* Projected sales for all 1995 programs.

SOURCE: Bureau Report 06/1995

COMMEMORATIVE COIN PROGRAM

Making Fundamental Changes

But beyond these necessary steps, preserving the viability and profitability of commemorative programs requires sweeping, fundamental change in how commemorative coins are authorized. Toward that end, the CCCAC urges Congress to adopt legislation giving the Secretary of the Treasury authority to select commemorative coin themes, components, and mintages. Congress, of course, would retain oversight over commemorative programs. Without a dramatic change to current practice, I fear that coin programs will continue to increase in number as Congress taps their fund-raising potential and overlooks market considerations.

The CCCAC's report to Congress contains proposed legislation to establish a permanent annual commemorative coin program managed and operated by the Mint, with advice on the themes and mintage levels provided by the CCCAC. The legislation would establish a mechanism to limit the number of yearly programs, and it suggests the mintage levels to be authorized.

For your information, I understand that GAO also is examining the issue of commemorative coin program reform. They are addressing the issue on two fronts: from a general perspective by reviewing the entire program and from a more narrow view by proposing stricter financial accountability from recipient organizations. We are working closely with GAO on these efforts and will continue to do so as they finalize their recommendations.

Proposed Programs

For 1995 through 1997, the CCCAC recommends authorizing the 6 coin programs proposed in the CCCAC's report to Congress and recently consolidated into companion bills, S-885 and HR-1753.

A 1995 program expected to enjoy enormous popularity among collectors -- the 200th anniversary of U.S. gold coinage -- is included in this package. This program is expected to be popular because it is the last opportunity to celebrate the bicentennial of U.S. Mint in 1992. It was a great disappointment to collectors that Congress did not recognize the Mint's bicentennial by authorizing a coin program, so the CCCAC recommended the 200th anniversary of gold coinage as way of acknowledging the numismatic community's interest in celebrating the anniversary of the Mint and its gold coinage. However, it now will need to be postponed until 1996 because of the lateness of the year and the Mint's lead-time requirements.

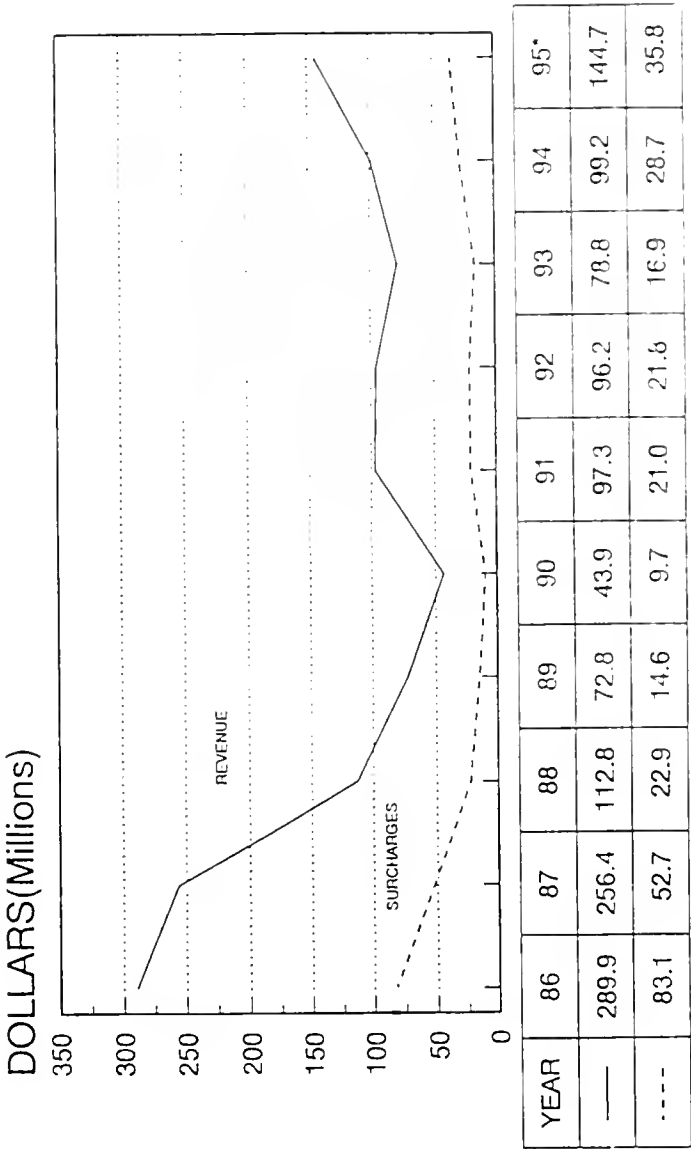
Low-mintage programs featuring themes like the 150th anniversary of the Smithsonian Institution and the 200th anniversary of U.S. gold coinage will once again attract interest among the coin community. They also would concentrate on numismatically significant themes, streamline the Mint's numismatic business, and remove inefficiencies created by overlapping coin programs authorized at the last minute and rushed into production.

Surcharges

In addition, Mr. Chairman, it's important to revise the manner in which beneficiary organizations receive funds from sale of commemoratives. Present practice calls for a fixed-dollar surcharge added atop our production, marketing, and distribution costs. For a one-dollar silver commemorative coin, for example, the surcharge is typically one-third of the price of the coin. The surcharge is paid by the original purchaser, and it disappears when the coin is resold in secondary markets. That's a big reason why our coins fall in price on secondary markets, creating additional disaffection among collectors.

In place of a surcharge, the CCCAC proposes that the Mint be allowed to set a specific profit level on each commemorative program. The profit would be divided between the Mint's Public Enterprise Fund and the beneficiary organization. This arrangement would create a more businesslike relationship between the Mint and beneficiaries, and would motivate the beneficiary to contribute more to success of its coin program.

Graph 1B: Total revenues and surcharges for sponsoring organizations has fallen by two-thirds since 1986. While surcharges and revenues have risen since 1990, they are being divided among an increasing number of programs.

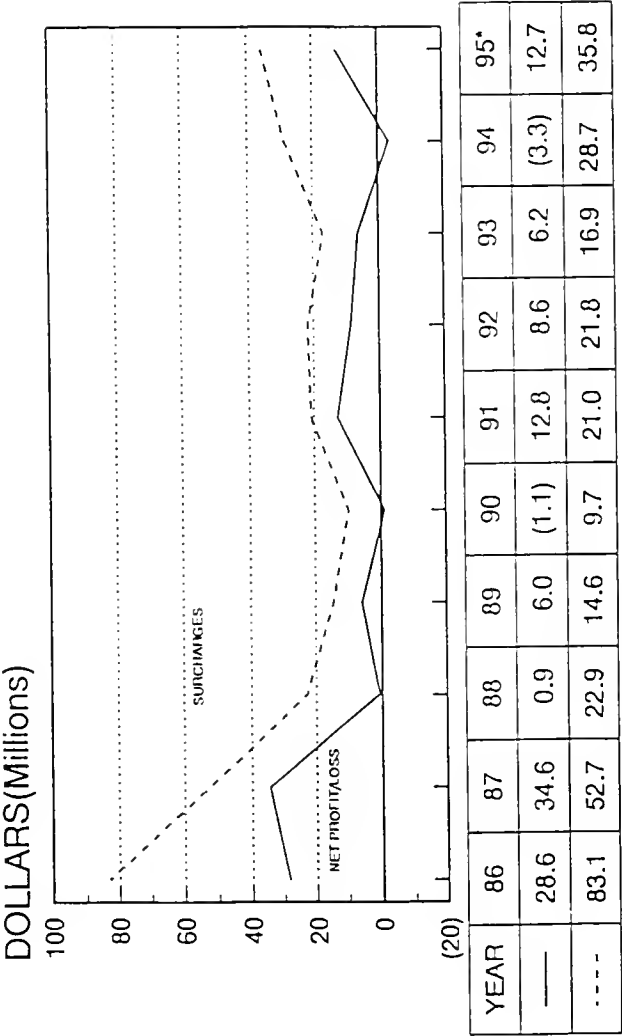


\* Projected total revenue and surcharges.

SOURCE: Salary Report 08/2005

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Graph 1C: The current practice of imposing surcharges on commemorative programs leaves the Mini vulnerable to suffering losses while sponsoring organizations receive millions in surcharges. Since 1990, sponsoring organizations have received over 80% of all surcharges/profits at virtually no risk, while the Federal Treasury has borne 100 percent of the risk of these programs.

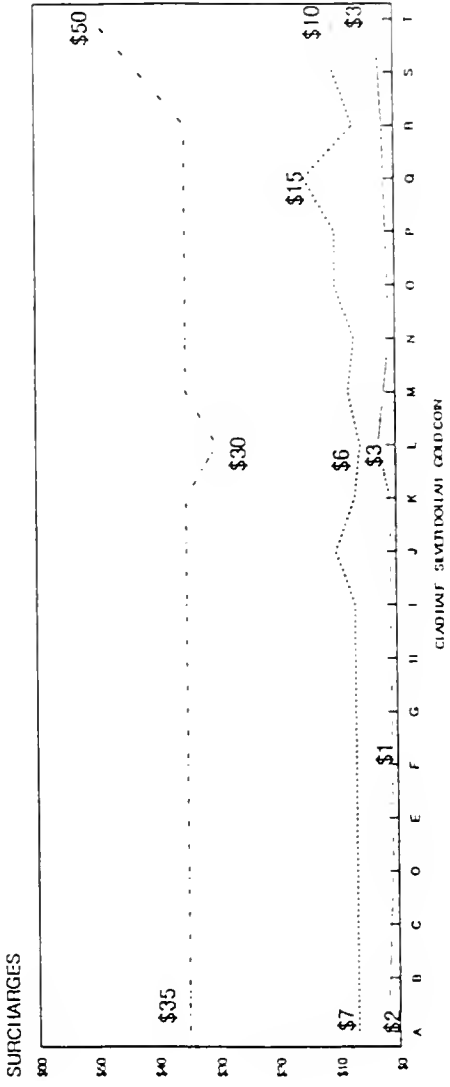


• Projected total annual surcharges and net profit.

SOURCE: Subsidy Report 09/20/95

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Graph 3: Surcharges imposed by Congress for the benefit of sponsoring organizations have increased markedly for programs in 1994, 1995 and 1996, generating collector resistance to these programs.



### PROGRAMS

- |                               |  |   |
|-------------------------------|--|---|
| A - 1986 Statue of Liberty(3) | H - 1991 USO(1)                              | O - 1994 Thomas Jefferson(1)                            |
| B - 1987 Constitution(2)      | I - 1992 Olympics(3)                         | P - 1994 Veterans(1)                                    |
| C - 1988 Olympic(2)           | J - 1992 White House(1)                      | Q - 1994 Capitol(1)                                     |
| D - 1989 Congress(3)          | K - 1992 Columbus(3)                         | R - 1995 Civil War(3)                                   |
| E - 1990 Eisenhower(1)        | L - 1993 Bill of Rights(3)                   | S - 1995 Special Olympics(1)                            |
| F - 1991 Mt. Rushmore(3)      | M - 1993 World War II(3)                     | T - 1996 Olympics(3)                                    |
| G - 1991 Korean War(1)        | N - 1994 World Cup(3)                        |   |
| (1) Silver Dollar             | (2) Silver Dollar and Five Dollar Gold Coins | (3) Clad Half, Silver Dollar and Five Dollar Gold Coins |

SOURCE: COINTEGRATIONS, INC.  
FILE: COINTEGRATIONS/EXHIBIT 7.DWG

## CONCLUSION

In sum, Mr. Chairman, the Mint and Congress face a persistent challenge to sound economics. That challenge threatens to surpass collectors' willingness to buy and the Mint's ability to produce and market in a businesslike manner. To correct this situation, the CCCAC emphasizes the urgency of restraining the number of commemorative programs, limiting mintages, reforming the manner in which coin programs come into being, and adopting legislative initiatives that facilitate market pricing and the Mint's operations.

As always, Mr. Chairman, my staff and I are available to discuss the CCCAC's proposals and others at your convenience. I thank you not only for this chance to be here today, but also for the knowledge and accessibility you have shown regarding this issue. It would be my pleasure to answer any questions you have.



## CRITERIA FOR COMMEMORATIVE COIN SUBJECT SELECTION

Our Nation's coinage should be a permanent reflection of its values and culture. The Citizens Commemorative Coin Advisory Committee is committed to the selection of themes and designs for commemorative coins that represent the noblest values and achievements of the Nation, recognizing the widest variety of contributions to our history and culture. A primary goal of the Committee is to ensure that commemorative themes and designs meet the highest standards for artistic excellence.

In furtherance of these goals, the Citizens Commemorative Coin Advisory Committee has established the following criteria for the selection of commemorative themes for coins of the United States:

- \* Historical persons places, events, and themes to be commemorated should have an enduring effect on the Nation's history or culture. Their significance should be national or international in scope.<sup>1</sup>
- \* Events to be commemorated should have national or international significance and draw participation from across America or around the world.
- \* No living person should be honored by commemoration on U.S. coins.
- \* United States commemorative coins should be issued in the appropriate year of commemoration.
- \* Historical events should generally be considered for commemoration on important or significant anniversaries.
- \* Commemorative themes and designs should not be considered if one treating the same subject has been issued in the past 10 years.
- \* Commemorative coinage designs should reflect traditional American coin iconography as well as contemporary developments in the arts.
- \* Designs should be determined in consultation with sponsoring organizations but should not be determined by legislation.
- \* Commemorative coinage should not be required to contain logos and emblems of non-governmental organizations as part of the design.
- \* Coins should be dated in the year of their issuance.
- \* Legislation authorizing the production of coins should be enacted no less than nine months prior to the date on which the coins may first be available to the public.

These criteria shall be reviewed annually by the Committee.

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<sup>1</sup> The following themes are considered inappropriate for commemoration:

- State or regional anniversaries with little or no national significance
- Local institutions such as governments, universities, and public and private schools;
- Commercial enterprises and products; and
- Organizations, individuals, and themes principally sectarian in nature.

**U.S. MINT AUTHORITY TO DERIVE OPERATING PROFITS  
FROM COMMEMORATIVE COIN SALES**

- \* Public Law 103-328, Title II, Section 209(c)(1994).

The purpose of this legislation was to distribute surcharges to a recipient organization under the Mount Rushmore National Memorial Commemorative Coin Act. It included the following provision:

"(c) NUMISMATIC OPERATING PROFITS.-- Nothing in this section shall be construed to affect the Secretary of the Treasury's right to derive operating profits from numismatic programs for use in supporting United States Mint's numismatic operations and programs,...."

- \* Public Law 102-390, Title II, Section 221(b)(3)(A)(1992).

This legislation established the Mint's Numismatic Public Enterprise Fund, a revolving fund for all of the Mint's numismatic programs, including commemorative coin programs. The initial funding for the Fund included the transfer of existing Mint numismatic profits. It defined that term as follows:

"(A) NUMISMATIC PROFIT.-- The term "numismatic profit" means the amount which is equal to the proceeds (including seigniorage) from the sale of numismatic items minus the costs of numismatic operations and programs."

- \* Citizens Commemorative Coin Advisory Committee Report to Congress, November, 1994.

The Report states at page 17 various commemorative coin reform proposals, including one to restructure the surcharge payment and replace it with a profit-sharing arrangement between the recipient organization and the Mint:

"Instead of designating a specific surcharge for each coin, which is the current practice, we propose that the Mint be allowed to set the profit level on commemorative programs sufficient to divide those profits between the Mint's Public Enterprise Fund and the designated recipient organization for a particular commemoration."

- 2 -

\* Testimony from Mint Directors to the Congress:

**\*\* "In total, since 1982 the Mint's commemorative, numismatic, and bullion programs have generated \$550 million in profits...the Mint is one of a few government agencies that is a profit center for the Federal Treasury."**

Philip N. Diehl, Director of the Mint. See Hearing on the Mint Appropriations before the House Appropriations Subcommittee on Treasury, Postal Service, and General Government, February 28, 1995.

**\*\* "At the year's end, the net profits resulting from all numismatic and bullion programs would be deposited into the General Fund of the Treasury with the exception of necessary funding retained to finance future operations."**

David Ryder. See Statement of David Ryder, Nominee for the Position of Director, United States Mint, before the Senate Banking Committee, November 22, 1991.

**\*\* "I would venture to guess that the Treasury Department would not be anxious to support commemorative coin measures if the Treasury did not realize some profit on coin measures."**

Donna Pope. See Hearing on the Mint Authorization, H.R. 2931 before the former House Banking Subcommittee on Consumer Affairs and Coinage, August 1, 1989, at page 47.



## Philip Diehl

Philip Diehl is the current Director of the United States Mint. Previous to this appointment he served as Counselor to Secretary Lloyd Bentsen and Chief of Staff at the Department of the Treasury. He was also Staff Director for the Senate Finance Committee under Senator Bentsen, and served as the Senator's Legislative Director.

Mr. Diehl has also served as vice president of regulatory affairs at International Telecharge Inc., and as director of telephone regulation for the Texas Public Utility Commission in Austin. His M.A. was earned in government from the University of Texas at Austin.

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**Testimony Before**  
**the House Banking Subcommittee on**  
**Domestic & Monetary Policy**  
**By The Honorable Esteban E. Torres**

Mr. Chairman, thank you for the opportunity to present testimony before your subcommittee regarding commemorative coinage. During my tenure as chairman of the Banking Subcommittee on Consumer Affairs and Coinage in the 102nd Congress, the Mint Authorization Bill (P.L. 102-390) was enacted. Included in that law, was a section establishing the Citizens Commemorative Coin Advisory Committee (CCCAC), which I authored. The CCCAC was established with a mission to advise the Secretary on the selection of subjects and designs for commemorative coins. Its purpose was to:

- (A) designate annually the events, persons, or places that the Advisory Committee recommends be commemorated;
- (B) make recommendations with respect to the mintage level for any commemorative coin;
- (C) submit a report to the Congress containing a description of the events, persons, or places which the Committee recommends be commemorated by a coin, the mintage level recommended for any such commemorative coin, and the committee's reasons for such recommendations.

It was not my intent to permit the Director of the U.S. Mint to hold the position as Chairman of the CCCAC. Allowing the Director to serve as Chairman of the CCCAC, subverts the committee's basic mission: to represent the views of citizens.

While I respect the current Mint Director and his good intentions, I believe his role should be limited to membership on the Advisor Committee. As a member, of the committee the Mint Director can clarify, facilitate, debate, but not direct the CCCAC's discussions. I encourage the committee, should it take up a reauthorization bill, to amend the law creating the CCCAC. The draft language below would prevent the Director from serving as

REPRESENTING: BASSETT, EAST LOS ANGELES, HACIENDA HEIGHTS, INDUSTRY, LA PUENTE, LOS NIETOS, MONTEBELLO,  
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Chairman of the Committee. Furthermore, it would ensure that the Committee's Chairman be elected by non-Mint members. To date, it is my opinion that the CCCAC has failed in its obligation to represent the coin collecting community.

#### MEMBERSHIP

(A) Voting MEMBERS.-- The Advisory Committee shall consist of 7 members appointed by the Secretary of the Treasury.

(i) 3 of whom shall be appointed from among individuals specially qualified to serve on the committee by reason of their education, training, or experience in art, art history, museum or numismatic collection curation, or numismatics, none of whom may receive compensation for consultation with the U.S. Mint, contract with the U.S. Mint, or be employed by the U.S. Mint;

(ii) 1 of whom shall be appointed from among officers or employees of the United States Mint who will represent the interests of the Mint and who shall not serve as chairman of the committee; and

(iii) 3 of whom shall be appointed from among individuals who will represent the interests of the general public, none of whom may receive compensation for consultation with the U.S. Mint, contract with the U.S. Mint, or be employed by the U.S. Mint.

The input from the coin community was intended to help slow the proliferation of commemorative coin programs, as well as provide direct input from the numismatic community, and improve those events that are selected for commemorative coins. Instead the programs have increased. The proliferation of commemorative coin programs has created a serious problem for coin collectors. The resulting glut of commemorative coins has caused the value of coins to diminish both monetarily and symbolically.

Mr. Chairman, thank you once again, for allowing me to submit this testimony on the issue of the Citizens Commemorative Coin Advisor Committee.



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